Application Proof of

中和农信
CHONGHO BRIDGE

Chongho Bridge Limited
中和農信有限公司

(the "**Company**")

(A company incorporated in the Cayman Islands with limited liability)

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中和农信
CHONGHO BRIDGE

Chongho Bridge Limited
中和農信有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy at 0.00015%, and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**US$0.000005 per Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED]**

CICC 中金公司

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IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

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EXPECTED TIMETABLE(1)

[**REDACTED**]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

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OUR MISSION

Serve the last "hundred meters" of rural China.

OUR VISION

Make rural life better.

OUR VALUES

Social responsibility is embedded in our DNA. Since our founding, we have operated with a view to benefiting rural society. Upholding our values of "integrity above all," "customers first," and "disciplined innovation," we persistently focus on "empowering rural residents" and strive to create sustainable value for shareholders and society at large.

WHO WE ARE

We are a leading integrated services provider to China's rural population. We empower small-scale farmers and small rural business owners with comprehensive, technology-driven products and services, including rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services. Over nearly 30 years, our business has achieved considerable scale by building upon our extensive local service network deeply rooted in China's rural areas as well as technology-enabled service excellence. As of September 30, 2023, our footprint spanned more than 100,000 villages across nearly 500 counties in 21 provincial-level regions in China, covering a rural population of nearly 200 million. As of the same date, our local service network was comprised of nearly 500 branches across China, with over 6,400 employees in cooperation with over 118,000 village-level partners who are close to customers. We are the largest non-traditional financial institution targeting China's rural market in terms of total loan balance as of December 31, 2022, according to the Frost & Sullivan Report. We are also the largest e-commerce platform for agricultural inputs and equipment targeting China's rural market, in terms of GMV in 2022, according to the same source.

OUR SERVICES

The Chinese government's policy supports "rural revitalization" as a national priority. China had a large rural population of approximately 491 million as of December 31, 2022, and this enormous market remains mostly served by small-scale farmer households and small rural businesses that make up 98% of all rural operating entities, according to the Frost & Sullivan Report. Recent growth in China's rural economy has outpaced growth in the urban market. But rural customers face pain points that leave their communities underserved. They lack products and services that are tailored to their needs, as well as channels that deliver them effectively. We have identified these unmet demands of rural customers and satisfied them by providing the following four types of services:

- **Rural Inclusive Credit Services:** To address rural customers' acute yet unmet needs for credit, we offer rural inclusive credit services primarily to finance their business operations and purchases of production equipment. These services are specifically designed to address the challenges that rural customers face in obtaining loans from traditional financial institutions and Internet finance platforms.

- **Agricultural Production Services:** To address rural households' difficulties in adopting agricultural production technology and a lack of tailored agricultural input services, we provide comprehensive agricultural production services to rural customers engaged in crop and livestock production. These technology-powered services make agricultural production more sustainable and efficient, helping small-scale farmers and small rural business owners increase their income.

- **Rural Consumer Goods and Services:** To address rural residents' rising consumption demands and improve their quality of life, we offer consumer goods, services and digital access to insurance policies that are customized to the needs of rural customers.

- **Rural Clean Energy Services:** To increase the income of rural residents, we enable rural residents to utilize their vacant rooftops to generate solar power. These services reduce carbon emissions and promote the transition towards clean energy.

Strong demand for our services has allowed us to achieve considerable business scale:

Deeply Rooted in Rural China for Nearly 30 Years

Rural Inclusive Credit Services	Non-Credit Services	Scale and Substantial Growth
No. 1 among inclusive credit companies targeting China's rural market(1)	**No. 1** among agricultural inputs and equipment e-commerce platforms targeting China's rural market(2)	**~500 | 100,000** counties | villages covered(3)
RMB138.7 bn aggregate drawdown amount for rural inclusive credit services(4)	1-9M, 2023 **RMB1.5 bn | *34.5%*** non-credit services GTV(5) | YoY growth(6)	1-9M, 2023 **1.0 mn | *21.0%*** transacting customers(7) | YoY growth(6)
90.2% | 70.3% ***69.1% | 20.2%*** small-scale farmers% | less educated%(8) female%(9) | minority%(3)	1-9M, 2023 ***35.0% | 60.2%*** revenue contribution from non-credit services(7) | YoY growth(6)	1-9M, 2023 **RMB452.8 mn | *20.1%*** non-IFRS adjusted net profit(7) | YoY growth(6)

Notes:

1. In terms of total loan balance as of December 31, 2022.

2. In terms of GMV for the year ended December 31, 2022.

3. As of September 30, 2023.

4. Aggregate amount recorded as of September 30, 2023 since the inception of our rural inclusive credit services.

5. For the nine months ended September 30, 2023; non-credit business GTV represents a total value of GMV of agricultural production services, consumer retail services, and gross written premium of insurance policies distributed through our platform in the same period.

6. Growth from the nine months ended September 30, 2022 to the nine months ended September 30, 2023.

7. For the nine months ended September 30, 2023.

8. Percentage of less-educated customers represents percentage of customers with education level of middle school or below.

9. Female Participation Rate, defined as the number of households that obtained credit services with a female member acting as principal borrower or co-borrower, divided by the total number of households that obtained credit services during the same year/period.

OUR TECH-ENABLED APPROACH

Our omni-channel operating model fully integrates online and offline services in order to meet the unique needs of China's rural market. Rural areas have low population densities and digitalization rates; their residents are more accustomed to traditional in-person services in close-knit community settings. As a result, a pure-play online platform cannot fully address the demands of rural customers, whereas pure in-person service model may restrain business scalability and sustainability.

We have developed our proprietary intelligent tech stack, which we also refer to as our "Super Brain," that situates at the core of our omni-channel operating model. Our Super Brain connects our headquarters with our local service network of over 6,400 employees in cooperation with over 118,000 village-level partners who are close to customers. It digitalizes and synchronizes information and learns from operational feedback to expedite decision-making and design standardized, replicable processes that support the efficient expansion of our business. Our Super Brain leverages digital operating systems that manage and empower our employees and village-level partners to deliver consistent, customized service to our rural customers. It generates real-time insights from interactions with customers to timely identify and address their needs and designs new products and services, enabling us to adapt rapidly to changes in China's vast rural market, in turn further benefiting our customers and business partners. Our Super Brain enhances the efficiency and service quality of our local service network, enabling us to serve rural customers more consistently and effectively.

We strive to achieve profitability while benefiting the society, and to operate sustainably while maintaining customer trust. During the Track Record Period, despite the challenges of the COVID-19 pandemic, our business remained resilient and grew steadily with sustained annual operating profitability while staying true to our values. Our revenue increased by 9.2% from RMB2,223.9 million in 2021 to RMB2,429.2 million in 2022 and further increased by 22.3% from RMB1,857.6 million in the nine months ended September 30, 2022 to RMB2,272.0 million in the same period in 2023. Notably, our revenue from non-credit services grew by 60.2% year-over-year from the nine months ended September 30, 2022 to the same period in 2023, and its contribution to our total revenue increased from 26.7% to 35.0% in the nine months ended September 30, 2022 and 2023, respectively. Due in part to the losses from changes in fair value of redeemable preferred shares, we recorded net losses of RMB36.4 million and RMB199.2 million in 2021 and 2022; we also recorded net loss of RMB275.1 million in the nine months ended September 30, 2022, and we achieved net profit of RMB330.5 million in the nine months ended September 30, 2023. During the Track Record Period, our adjusted net profit was RMB506.5 million and RMB472.6 million in 2021 and 2022, respectively, and increased by 20.1% from RMB377.2 million in the nine months ended September 30, 2022 to RMB452.8 million in the same period in 2023.

MARKET OPPORTUNITIES

The Chinese government has prioritized rural development, such as improvement in the income and quality of life of rural residents, as well as expansion of green agriculture and rural industries. Since "rural revitalization" was set as a national strategy in 2017, a series of supportive policies and ancillary measures has been introduced. We believe that these initiatives will further improve farmers' livelihoods, the agricultural sector and the development of rural areas, thereby driving the modernization and digital transformation of China's rural market. This also presents us with substantial opportunities to help small-scale farmers, small rural business owners and households increase their income and benefit from advanced technologies.

Enormous Chinese Rural Market

According to the Frost & Sullivan Report, as of December 31, 2022, the population of China's permanent rural residents was approximately 491 million, accounting for 34.8% of the total national population, covering 2,843 counties (including 2,323 agricultural counties), 38,602 townships, and 477,874 villages. China's enormous rural market is still served by an immensely diverse mosaic of small-scale operators, with 98% of rural operating entities being small-scale farmer households and small rural businesses.

In recent years, the rural economy has shown steady and positive growth, with rural per capita disposable income and per capita consumption spending growing 41% and 110% faster than that of the urban market from 2018 to 2022, respectively. However, rural areas generally have low population density with low Internet penetration rate, making it costly to provide services to rural customers. There is also a lack of channels to directly reach rural customers and a lack of products and services tailored to rural customers. On the other hand, due to limited access to information, lack of familiarity with complex products and reliance on close relationships within local communities, rural customers tend to rely on word of mouth and in-person services when making critical purchasing decisions in production and daily life. As a result, rural customers remain underserved with user-friendly, convenient, and reliable products and services.

- **Rural Inclusive Credit:** Rural residents commonly need credit funding to finance their production and operations. Demand for production and operation loans from non-traditional financial institutions in the rural market is expected to reach RMB2.0 trillion by 2027, with a CAGR of 16.1% from 2023 to 2027. Despite rapid growth in rural inclusive credit services in recent years, rural residents still have acute yet unmet needs for credit due to various constraints, such as the small scale of their operations and lack of collateral. Loans obtained through our platform represented 8.1% of the total outstanding loan balance in 2022 from all non-traditional financial institutions targeting China's rural market. We believe that we can increase our market share by growing our penetration and coverage to address unmet demands by leveraging our trust-based local service network.

- **Agricultural Production:** Over the long term, it is expected that China's enormous rural market will continue to be served by an immensely diverse mosaic of small-scale operators. According to the Frost & Sullivan Report, 35.2% of ordinary rural households face difficulties with agricultural production technology, yet the proportion that accepts or purchases various types of agricultural production services is only between 0.9% and 6.7%, indicating significant opportunities to provide agricultural inputs and services tailored to small-scale farmers and potential for market growth. GMV of agricultural inputs and equipment sold online to consumers in China's rural market reached RMB97.2 billion in 2022, and is expected to reach 171.3 billion in 2027, with a CAGR of 11.8% from 2023 to 2027. We believe that we can increase our market share by expanding our customer reach and enhancing customer engagement.

- **Rural Consumer Goods and Services:** Rising consumption demand among rural residents in China gives rise to substantial market opportunities. According to the Frost & Sullivan Report, the scale of China's rural consumption market was RMB5.2 trillion in 2022 and is expected to increase to RMB7.1 trillion by 2027, with a CAGR of 6.2% from 2023 to 2027 (which is higher than the CAGR for the urban consumption market for the same period). Specifically, the size of China's market for rural green durables was RMB392.2 billion in 2022 and is expected to increase to RMB908.4 billion by 2027, with a CAGR of 16.7% from 2023 to 2027. In addition, the penetration rate of rural insurance services is relatively low, indicating significant opportunities for China's rural insurance industry. The per capita insurance premium of China's rural insurance market was RMB1,829.4 in 2022 and is expected to reach RMB3,125.6 by 2027, with a CAGR of 11.2% from 2023 to 2027, which is higher than the CAGR of 7.3% for the urban insurance market for the same period.

- **Rural Clean Energy:** The clean energy industry has experienced rapid growth following the introduction of China's carbon peak and carbon neutrality goals. In particular, rural household distributed photovoltaic (PV), or solar power, projects have become more prevalent as clean energy has been promoted in rural areas and rural residents would like to diversify their sources of income. According to the Frost & Sullivan Report, as of September 30, 2023, the number of households with installed distributed PV systems in China's rural areas exceeded five million. It is estimated that China's rural areas have approximately 27.3 billion square meters of rooftop space available for PV installation, covering more than 80 million households, indicating tremendous market opportunities. The rural household PV operation and service market is growing rapidly at a CAGR of 36.6% from 2023 to 2027, with an estimated market size of RMB94.1 billion by 2027.

OUR STRENGTHS

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

- A leading integrated services provider devoted to empowering rural residents;
- Trust-based local service network extending our reach to rural areas;
- Agile, highly scalable omni-channel operating model;
- Super brain enabling smarter delivery of our services;
- Customized products and services based on deep understanding of rural market;
- Innate environmental, social and governance (ESG) DNA; and
- A mission-driven management team with strong execution capabilities and renowned shareholders that share our values.

OUR STRATEGIES

To achieve our mission and vision, we plan to pursue the following strategies:

- Expand customer reach and enhance customer engagement
- Further diversify and customize our products and services
- Continue to invest in research and development and strengthen technological capabilities
- Continue recruiting and retaining top talent
- Seek strategic investments, partnerships and acquisition opportunities

OUR CUSTOMERS AND SUPPLIERS

Our Customers

While small-scale farmers and small rural business owners constitute a majority of our customers, our customers also include partner banks, insurance companies, and manufacturers and merchants of agricultural inputs and equipment as well as green durables and other consumer goods under platform model, among others.

In 2021, 2022 and the nine months ended September 30, 2023, revenues from our top five customers accounted for 20.6%, 21.0% and 23.6% of our total revenues for the respective periods, and revenues from our largest customer accounted for 12.4%, 8.0% and 11.7% of our total revenues for the respective periods. During the Track Record Period, we were not subject to any material customer concentration risks. See "Business—Customers."

Our Suppliers

Our top suppliers are primarily agricultural inputs and equipment suppliers and marketing service providers. In 2021, 2022 and the nine months ended September 30, 2023, purchases from our largest five suppliers in aggregate accounted for 54.9%, 60.1% and 43.0% of our total purchases for the respective periods, and purchases from our largest supplier accounted for 18.3%, 19.1% and 17.0% of our total purchases for the respective periods.

We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, or disruption to our business as a result of any significant shortages or delays in providing related products or services. See "Business—Suppliers."

COMPETITION

The rural market we operate in is fragmented and largely underserved. We may face competition in each of our business lines. Despite potential competition, we have maintained a leading market position among non-traditional financial institutions in China's rural inclusive credit market. We are the largest non-traditional financial institution targeting China's rural market, in terms of total loan balance as of December 31, 2022, according to the Frost & Sullivan Report. We are also the largest among agricultural inputs and equipment e-commerce platforms targeting China's rural market, in terms of GMV in 2022, according to the same source. We believe that our brand reputation, our operational excellence and our large customer base differentiate us from our competitors. The key success factors of our businesses include the scale and quality of our local service network as well as our technology-enabled service excellence, our technology and risk management capabilities, and the depth and breadth of the services we offer. We believe we are able to compete effectively against our competitors based on the above factors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our business originated from a cooperative pilot project established by the State Council and the World Bank in 1996, which aimed to alleviate poverty in China through various means including microcredit. From the very beginning, we are a company with strong social responsibility and have been committed to environmental, social and governance ("**ESG**") and corporate social responsibility ("**CSR**") objectives. We integrate ESG and CSR concepts into every aspect of our business and corporate governance, aligning our own growth mission and vision with the national strategy for "rural revitalization", the carbon peak and carbon neutrality goals, and the United Nations Sustainable Development Goals. To promote sustainable development of agriculture, rural communities and farmers as well as environmental protection initiatives such as energy conservation and emissions reduction, we adopt strategies catered to rural culture and customers and offer diversified services to empower rural residents such as credit services, agricultural inputs and equipment, green durables, agricultural knowledge-sharing and agricultural technology supporting. Thereby we promote scientific agricultural production, improve the living qualities of the traditionally underserved rural residents and add value to overall social and economic benefits. See "Business—Environmental, Social and Governance and Corporate Social Responsibility."

KEY OPERATING DATA

The following tables set forth certain key operating metrics as of the dates or for the periods indicated:

	For the Year Ended December 31,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
Number of transacting customers *(in thousands)*	1,082	1,128	863	1,044
Number of transactions *(in thousands)*	2,250	2,393	1,776	1,906
GMV of agricultural production services *(in RMB millions)*	419.8	961.9	801.8	1,079.1
GMV of consumer retail services *(in RMB millions)*	24.2	185.1	147.1	235.3
Gross written premium of digital insurance distribution services *(in RMB millions)*	258.3	259.8	178.5	201.4

	As of December 31,		As of September 30,
	2021	2022	2023
Outstanding balance of rural inclusive credit services *(in RMB millions)*	14,981.3	15,157.6	17,634.5
Installed capacity of rural clean energy services *(MW)*	N/A	2.4	8.9
D30+ delinquency rate (%)	1.36	2.27	1.83
D90+ delinquency rate (%)	1.01	1.58	1.38

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. The following selected consolidated financial data for the periods and as of the dates indicated should be read in conjunction with the Accountants' Report in Appendix I to this document and the section headed "Financial Information" in this document.

Selected Consolidated Statement of Profit or Loss Data

The following table sets out a summary of our consolidated statement of profit or loss data for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)							
					(unaudited)			
Revenue from rural inclusive credit services	1,661,458	74.7	1,834,912	75.5	1,361,655	73.3	1,477,518	65.0
Revenue from agricultural production services	377,515	17.0	417,471	17.2	372,909	20.1	621,380	27.3
Revenue from rural consumer goods and services	184,885	8.3	176,172	7.3	122,954	6.6	169,532	7.5
Revenue from rural clean energy services	–	–	656	*	52	*	3,579	0.2
Total revenue	2,223,858	100.0	2,429,211	100.0	1,857,570	100.0	2,272,009	100.0
Cost of sales	(488,696)	(22.0)	(516,484)	(21.3)	(449,495)	(24.2)	(683,288)	(30.1)
Sales and marketing expenses	(689,777)	(31.0)	(773,043)	(31.8)	(566,160)	(30.5)	(695,551)	(30.6)
General and administrative expenses	(267,468)	(12.0)	(278,335)	(11.5)	(181,735)	(9.8)	(180,193)	(7.9)
Research and development expenses	(67,676)	(3.0)	(84,289)	(3.5)	(63,496)	(3.4)	(77,449)	(3.4)
Changes in fair value of derivative financial instruments	(19,923)	(0.9)	40,448	1.7	59,800	3.2	50,444	2.2
Changes in fair value of redeemable preferred shares	(491,181)	(22.1)	(635,458)	(26.2)	(623,467)	(33.6)	(86,768)	(3.8)
Net foreign exchange gain/(loss)	30,821	1.4	(95,171)	(3.9)	(113,151)	(6.1)	(39,156)	(1.7)
Impairment losses	(186,696)	(8.4)	(255,052)	(10.5)	(186,865)	(10.1)	(191,278)	(8.4)
Other net income	9,519	0.4	38,026	1.6	43,172	2.3	25,785	1.1
Profit/(loss) before taxation	52,781	2.4	(130,147)	(5.4)	(223,827)	(12.0)	394,555	17.4
Income tax expense	(89,219)	(4.0)	(69,085)	(2.8)	(51,259)	(2.8)	(64,069)	(2.8)
(Loss)/profit for the year/period	(36,438)	(1.6)	(199,232)	(8.2)	(275,086)	(14.8)	330,486	14.5
Attributable to:								
Shareholders of the Company	(36,637)	(1.6)	(198,873)	(8.2)	(274,913)	(14.8)	329,597	14.5
Non-controlling interests	199	*	(359)	*	(173)	*	889	*
Non-IFRS measures								
Adjusted net profit[(1)]	506,464	22.8	472,562	19.5	377,178	20.3	452,839	19.9
Attributable to:								
Shareholders of the Company	506,265	22.8	472,921	19.5	377,351	20.3	451,950	19.9
Non-controlling interests	199	*	(359)	*	(173)	*	889	*

Notes:

(1) Please see "—Non-IFRS Measures: Adjusted Net Profit and Adjusted Net Margin" for details about unaudited adjusted net profit.

* less than 0.1%

For details, see "Financial Information—Description of Major Components of Our Results of Operations."

Non-IFRS Measures: adjusted net profit and adjusted net margin

To supplement our consolidated results which are prepared and presented in accordance with IFRS Accounting Standards, we also use adjusted net profit and adjusted net margin as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash item and item that is one-off and non-recurring. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of our adjusted net profit and adjusted net margin in 2021, 2022, and the nine months ended September 30, 2022 and 2023 to the nearest measures prepared in accordance with IFRS Accounting Standards:

	For the Year Ended December 31,		**For the Nine Months Ended September 30,**	
	2021	**2022**	**2022**	**2023**
	(in thousands of RMB)			
Net (loss)/profit	(36,438)	(199,232)	(275,086)	330,486
Add:				
Equity-settled share-based payments	46,954	31,650	24,163	35,585
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Changes in fair value of redeemable preferred shares	491,181	635,458	623,467	86,768
Adjusted net profit	506,464	472,562	377,178	452,839
Adjusted net margin (%)[(1)]	22.8	19.5	20.3	19.9

	For the Year Ended December 31,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
	(in thousands of RMB)			
Attribute to:				
Shareholders of the Company	506,265	472,921	377,351	451,950
Non-controlling interests	199	(359)	(173)	889

Note:

(1) Adjusted net margin is the percentage of adjusted net profit to total revenue.

Selected Consolidated Statement of Financial Position Data

The table below sets forth a summary of our consolidated statement of financial position data as of the dates indicated:

	As of December 31,		As of September 30,
	2021	2022	2023
	(in thousands of RMB)		
			(unaudited)
Assets			
Cash and cash equivalents	1,217,947	863,293	1,104,326
Restricted cash	256,988	189,271	312,709
Loans and advances to customers	10,363,840	9,407,506	9,631,405
Financial assets held under resale agreements	49,888	–	–
Financial assets measured at fair value through profit or loss	52,358	8,389	135,816
Derivative financial instruments	–	11,958	38,608
Property and equipment	130,133	139,499	166,465
Intangible assets	33,736	34,638	34,579
Deferred tax assets	81,259	109,002	119,125
Goodwill	3,688	3,688	3,688
Other assets	495,229	651,593	683,327
Total assets	12,685,066	11,418,837	12,230,048

	As of December 31,		As of September 30,
	2021	2022	2023
	(in thousands of RMB)		
			(unaudited)
Liabilities			
Interest-bearing borrowings	2,690,806	3,117,461	3,560,347
Asset-backed securities issued	4,212,098	1,905,674	1,841,443
Financial assets sold under repurchase agreement	501,654	651,213	661,304
Derivative financial instruments	54,684	26,194	2,400
Accruals and other payables	410,749	476,150	567,053
Contract liabilities	64,423	70,309	25,348
Income tax payable	93,596	91,729	18,634
Redeemable preferred shares	4,919,695	6,032,100	6,307,295
Deferred tax liabilities	48,042	877	4,183
Total liabilities	12,995,747	12,371,707	12,988,007
Net liabilities	(310,681)	(952,870)	(757,959)
Adjusted net assets	4,609,014	5,079,230	5,549,336

Non-IFRS Measures: Adjusted Net Assets

To supplement our consolidated results which are prepared and presented in accordance with IFRS, we also use adjusted net assets as an additional financial measure, which is not required by, or presented in accordance with IFRS. See "—Non-IFRS Measures: Adjusted Net Profit and Adjusted Net Margin" and "Financial Information—Non-IFRS Measures."

The following tables set forth the reconciliations of our adjusted net assets as of December 31, 2021, 2022 and September 30, 2023 to the nearest measures prepared in accordance with IFRS Accounting Standards:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2022	For the Nine Months Ended September 30, 2023
	(in thousands of RMB)		
Net Liabilities	(310,681)	(952,870)	(757,959)
Add:			
Redeemable preferred shares	4,919,695	6,032,100	6,307,295
Adjusted net assets	4,609,014	5,079,230	5,549,336

Selected Consolidated Statement of Cash Flows Data

The following table sets out a summary of our consolidated statement of cash flow data for the periods indicated:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2022	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023
	(in thousands of RMB)			
			(unaudited)	
Net cash (used in)/generated from operating activities	(1,793,056)	1,699,115	1,392,189	369,140
Net cash (used in)/generated from investing activities	(10,480)	75,879	(68,929)	(160,182)
Net cash generated from/(used in) financing activities	1,537,336	(2,135,814)	(1,806,333)	29,943
Net (decrease)/increase in cash and cash equivalents	(266,200)	(360,820)	(483,073)	238,901
Cash and cash equivalents at the beginning of the year/period	1,485,452	1,217,947	1,217,947	863,293
Effect of foreign exchange rate changes	(1,305)	6,166	7,399	2,132
Cash and cash equivalents at the end of the year/period	1,217,947	863,293	742,273	1,104,326

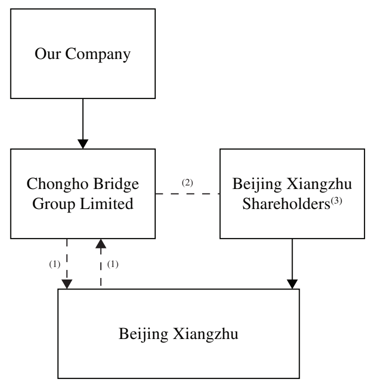
RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to [**REDACTED**] in our Shares. Some of the major risks we face include: (i) If we are unable to retain existing customers or attract new customers, our business and results of operations may be adversely affected; (ii) We may not be able to maintain the level of growth in our revenue or our business; (iii) We are subject to a broad range of laws and regulations, and future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations; (iv) We face intense competition in rural inclusive credit industry, agricultural production service industry, rural consumer goods and services industry and rural clean energy industry, if we do not compete effectively, our results of operations could be harmed; (v) We may not succeed in continuing to maintain, protect and strengthen our brands, and any negative publicity about us, our business, our management, our platform participants or the rural inclusive credit market, agricultural production service market, rural consumer goods and services market and rural clean energy market in general, may materially and adversely affect our reputation, business, results of operations and growth; (vi) The laws and regulations governing the inclusive credit industry in China are evolving, and our business operations have been and may need to continue to be modified to ensure full compliance with relevant laws and regulations; (vii) We rely on our proprietary credit assessment model and risk management system in the determination of credit approval and credit limit assignment. If our proprietary credit assessment model and risk management system fail to perform effectively, such failure may materially and adversely impact our operating results; and (viii) We may have limited information regarding the small-scale farmers and small rural business owners to which we provide loans, and the quality of our credit evaluation may be compromised as a result. A detailed discussion of all the risk factors involved are set forth in "Risk Factors."

CONTRACTUAL ARRANGEMENTS

We conduct certain of our business and investment through our Consolidated Affiliated Entities, which holds the requisite permit and approval required for our business. In order to achieve our Group's business purposes and be in line with common practice in industries in the PRC subject to foreign investment restrictions, we have adopted the Contractual Arrangements to exercise and maintain control over the operations of the Consolidated Affiliated Entities, obtain their entire economic benefits and prevent leakage of the assets and value of the Consolidated Affiliated Entities to its shareholders in the PRC. For further details on the Contractual Arrangements, please see the section headed "Contractual Arrangements" in this document.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements as entered into among Chongho Bridge Group Limited ((中和農信農業集團有限公司), a wholly-owned subsidiary of the Company and incorporated in the PRC with limited liability on November 18, 2008), Beijing Xiangzhu and/or Beijing Xiangzhu Shareholders:



"______" denotes legal and beneficial interest in the equity interest

"_ _ _ _" denotes the Contractual Arrangements

Notes:

(1) Chongho Bridge Group Limited provides business cooperation and related services and technical consultancy services in exchange for service fees from Beijing Xiangzhu under the exclusive business cooperation agreements and the exclusive technical consultancy and service agreements.

(2) Each of the Beijing Xiangzhu Shareholders executed an exclusive purchase option agreement, equity pledge agreement, voting proxy agreement and power of attorney in favour of Chongho Bridge Group Limited.

(3) The registered shareholders of Beijing Xiangzhu are Ms. Li Zhen (as to 70%), the executive Director and chief financial officer of our Group and a joint company secretary, and Dr. Liu Dongwen (as to 30%), the chairman of the Board and executive Director of our Group (collectively, the "**Beijing Xiangzhu Shareholders**").

PRE-[REDACTED] INVESTMENTS

Our Company received several rounds of Pre-[**REDACTED**] Investments, as a result of which we have a diverse base of Pre-[**REDACTED**] Investors. For further details of the Pre-[**REDACTED**] Investments and background information of our Pre-[**REDACTED**] Investors, please see the section headed "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments."

DIVIDEND POLICY

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Our Directors regularly review our dividend policy by taking into consideration a number of factors, including our evolving strategies, results of operations, financial condition, operating and capital investment requirements and other factors it may deem relevant. As advised by our legal advisor on Cayman Islands law, under the laws of the Cayman Islands, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our shareholders as dividends may be declared and paid out of our share premium account notwithstanding our profitability, provided that this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS Accounting Standards. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. During the Track Record Period, no dividends have been paid or declared by us, but we may pay dividends in the future.

[**REDACTED**]

[**REDACTED**]

Based on the mid-point [**REDACTED**] of HK$[**REDACTED**], the total estimated [**REDACTED**] in relation to the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and all discretionary incentive fees in the [**REDACTED**] are paid in full) is approximately RMB[**REDACTED**]. The estimated [**REDACTED**] consist of (i) [**REDACTED**] expenses (including [**REDACTED**] and [**REDACTED**]) of RMB[**REDACTED**], (ii) fees and expenses of legal advisers and accountants of RMB[**REDACTED**] and (iii) other fees and expenses of RMB[**REDACTED**]. We incurred [**REDACTED**] of RMB[**REDACTED**], RMB[**REDACTED**], RMB[**REDACTED**] and [**REDACTED**] in 2021, 2022, the nine months ended September 30, 2022 and September 30, 2023, respectively. Approximately RMB[**REDACTED**] of the estimated [**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and comprehensive income. The balance of approximately RMB[**REDACTED**], which mainly includes [**REDACTED**], is expected to be accounted for as a deduction from equity upon the completion of the [**REDACTED**].

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million after deducting the estimated [**REDACTED**] and commissions and estimated [**REDACTED**] expenses payable by us, based upon an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**] stated in this document, and assuming the [**REDACTED**] is not exercised. We intend to use the net [**REDACTED**] we will receive from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for further investing in our local service network to increase our geographic coverage and deepen our penetration in rural areas;
- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for broadening and optimizing our products and services;
- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for investing in research and development and to strengthen technological capabilities;
- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to seek investment and acquisition opportunities in agricultural technology companies or companies along the agricultural supply chain that can generate synergies with us; and
- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for working capital and other general corporate purposes.

See "Future Plans and [**REDACTED**]" for further details.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the [**REDACTED**] of the Stock Exchange for the granting of the [**REDACTED**] of, and permission to deal in our Shares in issue and to be issued pursuant to the [**REDACTED**] (including the additional Shares which may be issued pursuant to the exercise of the [**REDACTED**]) and the 2020 Equity Incentive Plan.

RECENT DEVELOPMENTS

Our business continued to expand subsequent to the Track Record Period. The number of our transacting customers increased by 21.5% from 1,128 thousands in 2022 to 1,371 thousands in 2023. The number of transactions on our platform increased by 11.1% from 2,393 thousands in 2022 to 2,658 thousands in 2023.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since September 30, 2023, being the end date of the periods reported on in the Accountants' Report included in Appendix I to this document, and there is no event since September 30, 2023 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

"2020 Equity Incentive Plan"	the equity award plan of our Company as adopted by way of written resolutions of the Board on August 30, 2020, the principal terms of which are set out in the section headed "Statutory and General Information—D. Share Incentive Schemes—1. 2020 Equity Incentive Plan" in Appendix IV to this document
"Accountants' Report"	the accountants' report of the Company for the Track Record Period, the text of which is set out in Appendix I of this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"Ant Group"	Ant Group Co., Ltd. (螞蟻科技集團股份有限公司)
"API"	API (Hong Kong) Investment Limited, a company incorporated in Hong Kong on July 23, 2014, and a wholly-owned subsidiary of Ant Group
"Articles" or "Articles of Association"	the fifth amended and restated articles of association of our Company, conditionally adopted on [●] which will become effective upon [**REDACTED**], a summary of which is set out in Appendix III to this document, as amended, supplemented or otherwise modified from time to time
"Beijing Little Whale"	Beijing Little Whale Insurance Agency Limited* (北京小鯨向海保險代理有限公司), a Consolidated Affiliated Entity of the Group and a non-wholly owned subsidiary of Beijing Xiangzhu established in the PRC on June 3, 2009
"Beijing Xiangzhu"	Beijing Xiangzhu Electronic Technology Limited* (北京鄉助電子科技有限公司), a Consolidated Affiliated Entity of the Group and a company established in the PRC on September 19, 2017

"Beijing Xiangzhu Shareholders"	the registered shareholders of Beijing Xiangzhu from time to time; the current registered shareholders are identified in the section headed "Contractual Arrangements" in this document
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"CAGR"	compound annual growth rate

[**REDACTED**]

"Cayman Companies Act" or "Companies Act"	the Companies Act (as revised) of the Cayman Islands

[**REDACTED**]

"CFRD"	the China Foundation for Rural Development (中國鄉村發展基金會), previously known as the China Foundation for Poverty Alleviation (中國扶貧基金會)
"China" or "the PRC"	the People's Republic of China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"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 or supplemented from time to time
"Company", "our Company", "we" or "us"	Chongho Bridge Limited (中和農信有限公司), an exempted company incorporated in the Cayman Islands with limited liability on August 29, 2019

"Consolidated Affiliated Entity(ies)"	the entity(ies) we control through the Contractual Arrangements, namely Beijing Xiangzhu and its subsidiary, Beijing Little Whale, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
"Contractual Arrangements"	a series of contractual arrangements entered into between, among others, Chongho Bridge Group limited, Beijing Xiangzhu and the Beijing Xiangzhu Shareholders, the details of which are described in the section headed "Contractual Arrangements" in this document
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"document"	this document being issued in connection with the [**REDACTED**]
"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

[**REDACTED**]

"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan International Limited, the industry consultant
"Frost & Sullivan Report" or "Industry Report"	the report as prepared by Frost & Sullivan

[**REDACTED**]

"Grantees"	the 149 grantees of the Pre-[**REDACTED**] Share Options under the 2020 Equity Incentive Plan

"Group", "our Group", "we", "our" or "us"	our Company, our subsidiaries and Consolidated Affiliated Entities, or where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants as published by the Stock Exchange in November 2023 and amended from time to time

[**REDACTED**]

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

[**REDACTED**]

"ICP license"	the value-added telecommunications business operating license for Internet information service
"IFRS" or "IFRS Accounting Standards"	International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
"independent third party(ies)"	a person or entity who is not considered as a connected person of our Company under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	February 20, 2024, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"M&A Rules"	the Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

"Major Subsidiaries"	our subsidiaries and consolidated affiliated entities as identified in "History, Reorganization and Corporate Structure—Our Major Subsidiaries"
"Memorandum" or "Memorandum of Association"	the fifth amended and restated memorandum of association of our Company, conditionally adopted on [●], [●] which will become effective upon [**REDACTED**], a summary of which is set out in Appendix III to this document, as amended, supplemented or otherwise modified from time to time
"MOFCOM"	Ministry of Commerce of the People's Republic of China (中華人民共和國商務部)
"NASDAQ"	NASDAQ Stock Exchange
"NewQuest"	NewQuest Asia Fund IV (Singapore) Pte. Ltd., a private company limited by shares incorporated in Singapore on January 29, 2020 and an affiliate of TPG

[**REDACTED**]

"PRC Legal Adviser"	Fangda Partners, acting as legal counsel as to PRC laws to our Company

"Preferred Share(s)"	convertible preferred share(s) in the share capital of our Company, including Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series C+ Preferred Shares and Series D Preferred Shares
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the Pre-[**REDACTED**] Investors prior to the [**REDACTED**], the details of which are set out in the section headed "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments" in this document
"Pre-[**REDACTED**] Investor(s)"	holders of the Preferred Shares, who have subscribed for the Preferred Shares prior to the [**REDACTED**] as described in the section headed "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments" in this document
"Pre-[**REDACTED**] Share Options"	the pre-[**REDACTED**] share options to be granted to the Grantees pursuant to the terms and conditions of the 2020 Equity Incentive Plan, further information on which is set out in the paragraphs under "D. Share Incentive Schemes—1. 2020 Equity Incentive Plan" in Appendix IV to this document

[**REDACTED**]

"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the reorganization of our Group in preparation of the [**REDACTED**], details of which are described in "History, Reorganization and Corporate Structure—Major Corporate Development, Shareholding Changes and Reorganization of our Group—Reorganization and Development of our Company"

"RMB"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange People's Republic of China (中華人民共和國外匯管理局)
"SAFE Circular 37"	the "Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles" (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) issued by SAFE with effect from July 4, 2014
"Series A Investor"	the holder of the Series A Preferred Shares
"Series A Preferred Shares"	the Series A convertible preferred shares of the Company with a par value of US$0.000005 per share which were issued to certain Pre-[**REDACTED**] Investor as part of the Reorganization as described in the section headed "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments"
"Series B Investors"	the holders of the Series B Preferred Shares
"Series B Preferred Shares"	the Series B convertible preferred shares of the Company with a par value of US$0.000005 per share which were issued to certain Pre-[**REDACTED**] Investors as part of the Reorganization as described in the section headed "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments"
"Series C Investors"	the holders of the Series C Preferred Shares
"Series C Preferred Shares"	the Series C convertible preferred shares of the Company with a par value of US$0.000005 per share which were issued to certain Pre-[**REDACTED**] Investors as part of the Reorganization as described in the section headed "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments"
"Series C+ Investors"	the holders of the Series C+ Preferred Shares

"Series C+ Preferred Shares"	the Series C+ convertible preferred shares of the Company with a par value of US$0.000005 per share which were issued to certain Pre-[**REDACTED**] Investors as part of the Reorganization as described in the section headed "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments"
"Series D Investors"	the holders of the Series D Preferred Shares
"Series D Preferred Shares"	the Series D convertible preferred shares of the Company with a par value of US$0.000005 per share which were issued to certain Pre-[**REDACTED**] Investors as part of the Reorganization as described in the section headed "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments"
"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 or supplemented from time to time
"Shareholder(s)"	holder(s) of Shares
"Shares"	ordinary shares in the share capital of our Company with a par value of US$0.000005 each
"SAMR" or "SAIC"	State Administration of Market Regulation (國家市場監督管理總局), formerly known as the State Administration of Industry and Commerce of the People's Republic of China (中華人民共和國國家工商行政管理總局)

[**REDACTED**]

"Sole Sponsor" [**REDACTED**]	China International Capital Corporation Hong Kong Securities Limited

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)

[**REDACTED**]

"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"The Rise Fund"	The Rise Fund SF Pte. Ltd., a private company limited by shares incorporated in Singapore on June 14, 2017 and an affiliate of TPG
"TPG"	TPG Inc., a company listed on NASDAQ (Nasdaq: TPG) and controls The Rise Fund and NewQuest
"Track Record Period"	the years ended December 31, 2021 and 2022, and the nine months ended September 30, 2023

[**REDACTED**]

"U.S." or "United States"	the United States of America
"U.S. dollars", "US dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended from time to time
"%"	per cent.

* *For identification purposes only*

In this document, the terms "associate(s)", "close associate(s)", "connected person(s)", "connected transaction(s)", "core connected person(s)", "controlling shareholder(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

"ABS"	asset-based security
"AI"	artificial intelligence
"air-source heat pumps"	a heat pump that can absorb heat from air outside a building and release it inside, which is used to provide heating and cooling for home
"CSR"	corporate social responsibility
"cumulative transacting customers"	the sum of customers as of a given date (with duplicate customers removed) who had ever (i) obtained loans, (ii) purchased agricultural inputs and equipment, green durables and other consumer goods, (iii) purchased farming technology management services, and/or (iv) purchased insurance products through us since our founding
"Effective APR"	the annualized internal rate of return at which the net present value of all ordinary cash outflows (e.g., the principal of loans) and ordinary cash inflows (e.g., the principal repayment, the interest income, and service fees for loan facilitation business) from a loan or a group of loans equals zero, assuming all the cash inflows other than interest income are received at the beginning of the period
"EPC"	engineering, procurement, and construction
"ESG"	environmental, social and governance
"Female Participation Rate"	the number of households that obtained credit services with a female member acting as principal borrower or co-borrower, divided by the total number of households that obtained credit services during the same year/period

"GMV"	value of paid orders of products on *Xiangzhu* (鄉助) platform before discounts, regardless of whether the goods are returned. The calculation of GMV includes shipping charges paid by buyers
"*mu*"	a unit of area measurement; one *mu* of land approximately equals to 666.7 square meters
"MW"	megawatt, a unit of power; the capacity of a power project is generally expressed in MW
"outstanding balance of loans"	the total principal amount outstanding at the end of the given period of loans obtained through our platform
"PV"	photovoltaic
"registered users"	the number of registered users of *Xiangzhu* (鄉助) app, mini-program and official account as well as *Beijing Little Whale* (小鯨向海) social media mini-program and official account
"SKU"	stock keeping unit
"three rural"	agriculture, farmers and rural areas

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that involve risks and uncertainties, including statements based on our current expectations, assumptions, estimates and projections about us, our industries and the regulatory environment in which we, our customers and our logistics partners operate. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "target," "goal," "anticipate," "aim," "estimate," "intend," "plan," "seek," "believe," "potential," "continue," "is/are likely to" or other similar expressions. The forward-looking statements included in this document relate to, among others:

- our growth strategies;
- our future business development and goals, results of operations and financial condition;
- trends in the industries or markets where we operate;
- competition;
- fluctuations in general economic, political and business conditions in the jurisdictions where we operate;
- expected changes in our revenues and certain cost and expense items and our operating margins;
- geopolitical tensions, international trade policies, protectionist policies and other policies that could place restrictions on economic and e-commerce activities;
- the regulatory environment in which we, our customers and our logistics partners operate; and
- assumptions underlying or related to any of the foregoing.

The industries or markets where we operate may not grow at the rates projected by market data, or at all. The failure of these industries or markets to grow at the projected rates may have a material adverse effect on our business, financial condition and results of operations and the [**REDACTED**] of our Shares. If any one or more of the assumptions underlying the industry or market data turns out to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this document relate only to events or information as of the date on which the statements are made in this document. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this document and the documents that we have referred to in this document completely and with the understanding that our actual future results may be materially different from what we expect.

[REDACTED] ***in our Shares involves risks. Before deciding to*** **[REDACTED]** ***in the Shares, you should carefully consider all of the information in this document, including the following risk factors, in light of the circumstances and your own*** **[REDACTED]** ***objectives. The occurrence of any of the following events could materially adversely affect our business, financial condition and results of operations, in which case the*** **[REDACTED]** ***of our Shares could also decline, and you could lose part or all of your*** **[REDACTED]*****. You should pay particular attention to the fact that we are an exempted company incorporated in the Cayman Islands and that our operations are facing a constantly evolving legal and regulatory environment.***

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business and industry; (ii) risks relating to doing business in China; (iii) risks relating to our Contractual Arrangements and (iv) risks relating to the [**REDACTED**].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are unable to retain existing customers or attract new customers, our business and results of operations may be adversely affected.

We seek to retain existing customers and attract additional customers, which may be affected by several factors, including the expansion of our offline network and online platform, our brand recognition and reputation, our products and services offered to customers and our abilities in keep improving customer experience, as well as overall PRC regulatory environment and macroeconomic environment. In 2021, 2022, and the nine months ended September 30, 2022 and 2023, we had 1,082 thousand, 1,128 thousand, 863 thousand and 1,044 thousand transacting customers, respectively. We cannot assure you that the numbers of our customers will not decrease in the future. On the other hand, if we continue to expand our customer base, we may experience increases in user acquisition costs and failure in risk management, which could have a material and adverse impact on our results of operations and financial condition.

We engage customers primarily through our offline network and online platform. If we are unable to attract customers through our offline network, our online platform or other third-party channels that we may collaborate with, or develop or launch new products and services that may be attractive to prospective customers and registered users, we may not be able to engage new customers in an efficient manner, or convert prospective customers into our customers, and may even lose existing customers to our competitors. In particular, our customers download our mobile applications through application marketplaces. If the operators of application marketplaces make changes to their marketplaces which hinder or impede access to our mobile applications, our ability to engage new customers will be adversely affected. If we are unable to attract customers or if customers do not continue to utilize our platform, our business and results of operations would be materially and adversely affected.

We may not be able to maintain the level of growth in our revenue or our business.

We have experienced growth in our revenue and our business in recent years. Our revenue increased from RMB2,223.9 million in 2021 to RMB2,429.2 million in 2022, and increased from RMB1,857.6 million in the nine months ended September 30, 2022 to RMB2,272.0 million in the same period in 2023. Our ability to continue maintaining the level of growth in our revenue and our business depends on a number of factors. See "Financial Information—Major Factors Affecting Our Results of Operations." Materialization of any risk factors described in this "Risk Factors" section can negatively affect our ability to operate and grow our existing businesses. Our future commercial and financial successes also depend on our ability to successfully execute our growth strategies, including expanding the number of our customers, enhancing our online and on-the-ground capabilities, improving and expanding products and services tailor-made to the rural customers, investing in technology, innovation and operational capabilities, and continuing to foster win-win relationships with our funding providers and partner financial institutions, partner manufacturers and merchants, agricultural technology partners, ESG partners, service providers and other ecosystem participants.

Our results of operations rely on the rural market's demand for the merchandise and services we offer, and other natural and economic factors. For example, our rural inclusive credit services rely on rural market's demand for credit services, which further depends on market interest rate, regulatory requirements to microcredit companies and partner financial institutions as well as overall economic conditions that affect customers' willingness to apply for loans and abilities to repay. In addition, our agricultural production services and rural consumer goods and services rely on the rural market's demand for such products and services, which further depends on factors such as (i) local customer preferences and needs, (ii) customer spending patterns, (iii) customer income, (iv) diversity of our merchandise offerings, (v) customer insights and confidence in our product quality and (vi) the amount of credit we provide to our customers. In addition, our rural clean energy services rely on our ability to operate solid PV projects, attract and retain rural residents who are willing to cooperate with us for the installation of the PV projects and demands of third-parties PV projects developers for contracting services. It also relies on natural and economic factors which are out of our control, such as sunlight time, local price of electricity, rural population and rural household condition, among others. Changes in any of the above at any time could result in decline in the market demand for the merchandise or services we offer, which could adversely impact the level of growth in our revenue or our business.

We are exploring and will continue to explore new business initiatives, including in industries and markets in which we have limited or no experience, as well as new business models that may be untested or even create new markets. Developing new business initiatives and models or new markets requires significant investments of time and resources, and may present new and difficult technological, operational and compliance challenges. Many of these challenges may be specific to business areas we do not have sufficient or may even have no experience with. We may encounter difficulties or setbacks when we continue to innovate, develop new services and technologies, which we expect to be an important driver of our future growth. New products or services may not achieve sufficient market acceptance, or at all. As a result, our new products or services and the other growth strategies may not generate the returns we expect in a timely manner, or at all. For example, we are expanding our agricultural production services and rural consumer goods and services and we launched our new rural clean energy services in 2022. We cannot assure you that we will be able to successfully monetize these new business initiatives and generate results that meet our expectations, or at all.

Our historical success has largely been driven by our capability to innovate new products, services and expand into new local markets. We may need to make adjustments to our new products, services and expansion plan from time to time in response to evolving regulatory regimes, which may negatively affect our business and prospects. Furthermore, our revenue may decline for other reasons, including reduced market acceptance of our existing products or services, decreasing engagement and transaction activities of small-scale farmers and small rural business owners, our partner financial institutions seeking to reduce the fees we charge to them, increasing competition of rural inclusive credit industry, agricultural production services industry, rural consumer goods and services industry and rural clean energy industry, interest rate risk which could affect our rural inclusive credit services and other businesses, downturn in economy, adverse weather conditions, natural disasters, pandemics or other events, as well as changes in the government policies, regulatory environment or general economic conditions. Our revenue growth rate may also slowdown in the future as our revenue reaches a higher base level.

We are subject to a broad range of laws and regulations, and future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations.

We have created a comprehensive platform that offers a broad range of services, including rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services. As such, we and our subsidiaries and Consolidated Affiliated Entities, are subject to a broad range of laws, rules and regulations as described in "Regulatory Overview," among others, including the laws and regulations on credit providers, insurance agency companies, value-added telecommunication service providers, e-commerce, personal information protection, data collection, data security and privacy, and are required to obtain and maintain relevant licenses, permits or approvals in the PRC. These laws, rules and regulations are continuously evolving. As we further expand into other markets, we may increasingly become subject to additional legal and regulatory compliance requirements as well as political and regulatory challenges, including scrutiny on data collection, data security and privacy and anti-money laundering compliance, or on national security grounds or for other reasons.

Moreover, we cannot assure you that we and our funding providers and partner financial institutions will be able to maintain existing licenses and permits, renew any of them when their current term expires or obtain additional licenses required to expand our and their businesses. If we or our funding providers and partner financial institutions are unable to maintain and renew one or more of the current licenses and permits, or obtain such renewals or additional licenses requisite for future business expansion, the operations and prospects of our business could be materially disrupted. Furthermore, new PRC laws, rules and regulations to be promulgated in the future may require that we or our funding providers and partner financial institutions to obtain additional licenses or permits in order to continue to conduct our business operations and maintain the cooperation between us and our funding providers and partner financial institutions. However, we can give no guarantee that we and our funding providers and partner financial institutions would be able to obtain such licenses or permits in a timely fashion, or at all. If any of the foregoing were to occur, our business, financial condition and prospects would be materially and adversely affected.

We have been subject to routine compliance inspections in the ordinary course of our business and may, in the future to be subject to government inquiries, inspections and investigations in a wide range of areas, including those relating to anti-money laundering, anti-terrorist financing and sanctions, data collection, data security and privacy, cybersecurity, foreign exchange control, consumer protection, anti-bribery, anti-corruption, advertising and content control laws and regulations.

We also face scrutiny, and may be subject to inquiries, inspections and investigations, from government authorities that focus on credit, insurance distribution, e-commerce platform and other aspects of our business. As we continue to grow in scale and significance, we expect to face increased scrutiny, which will, at a minimum, result in our having to continue to increase our investment in legal and compliance and related capabilities and systems, which could adversely affect our business, financial condition and results of operation.

We face intense competition in rural inclusive credit industry, agricultural production service industry, rural consumer goods and services industry and rural clean energy industry, if we do not compete effectively, our results of operations could be harmed.

We face intense competition, principally from other credit service providers, including traditional financial institutions, such as commercial banks and rural credit cooperatives, and non-traditional financial institutions, such as online microcredit companies and Internet finance platforms. In terms of our agricultural production services, we may compete with online e-commerce platforms, brick-and-mortar vendors, local chain outlets and outlets of manufacturers. We may compete with online e-commerce platforms and brick-and-mortar vendors in offering green consumer durables and other goods and may compete with commercial banks, insurance intermediary companies and other insurance distribution channels in our digital insurance distribution services. In terms of our rural clean energy services, our potential competitors include new energy companies and large electric power companies that run PV projects.

Our competitors may operate different business models, have different cost structures or participate selectively in different market segments. They may ultimately prove more successful or more adaptable to customer's demand in the rural market and new regulatory, technological and other developments. Some of our current and potential competitors may have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their offerings. Our competitors may also have longer operating history, greater brand recognition, more extensive customer bases and funding sources, better manufacturer or merchant relationships, stronger infrastructure, larger customer bases and brand loyalty and broader relationships with funding partners or merchandise manufacturers and merchants than us. Additionally, a current or potential competitor may acquire, or form a strategic alliance with, one or more of our competitors. Our competitors may be better at developing new business models, launching new products or services, offering more attractive fees, responding more quickly to new technologies and undertaking more extensive and effective marketing campaigns. Furthermore, more players may enter the markets that we operate in and increase the level of competition. We anticipate that more established Internet, technology and financial services companies that possess large, existing customer and user bases, substantial financial resources and established distribution channels may also enter these markets in the future.

In response to competition and in order to grow or maintain the amount of transactions facilitated or completed on our platform, we may have to offer lower interest rates, lower financing service fees, transaction fees and commissions, insurance agency fees and other service fees for our inclusive credit services, agricultural production services and rural consumer goods and services. We may also need to offer higher rental payment to attract rural residents in cooperating with us for our rural clean energy services. In such cases, our business and results of operations could be materially and adversely affected. If we are unable to compete with our competitors and meet the need for innovation in our industry, the demand for our rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services could stagnate or substantially decline, which could harm our business and results of operations.

We may not succeed in continuing to maintain, protect and strengthen our brands, and any negative publicity about us, our business, our management, our platform participants or the rural inclusive credit market, agricultural production service market, rural consumer goods and services market and rural clean energy market in general, may materially and adversely affect our reputation, business, results of operations and growth.

Enhancing the recognition and reputation of our brands is critical to our business and competitiveness. Factors that are vital to this objective include but are not limited to our ability to:

- maintain the quality and reliability of services offered through our offline network and on our online platform;
- maintain and develop relationships with, customers, funding providers, partner financial institutions, including commercial banks, the trust company, insurance companies, ESG partners and other institutions, agricultural inputs and equipment manufacturers and merchants, agricultural experts and other business partners;
- provide prospective and existing customers and consumers with superior experiences;
- effectively manage and resolve customer complaints;
- effectively protect personal information and privacy of, and any sensitive data received from customers and consumers; and
- our commitment to ESG and CSR objectives, and perception by our customers, ESG partners, other participants of our ecosystems and the general public of such commitment.

Any malicious or inadvertent negative allegations made by the media or other parties about the foregoing or other aspects of our company, including but not limited to our management, business, regulatory compliance, financial condition or prospects, whether with merit or not, could severely hurt our reputation and harm our business and results of operations.

As the markets where we operate is under constant development and the regulatory framework for this market is subject to changes and developments, negative publicity about this industry may arise from time to time. Negative publicity about markets where we operate in general may also have a negative impact on our reputation, regardless of whether we have engaged in any inappropriate activities. Any actual or perceived failure of other market players to detect or prevent illegal activities or provide high-quality services could compromise our image, undermine the trust and credibility we have established and have a negative impact on our ability to attract new customers, funding providers, partner financial institutions and other business partners. Negative developments in the markets where we operate, such as fraudulent or illegal behavior by industry participants, may also lead to tightened regulatory scrutiny of the sector and limit the scope of permissible business activities that may be conducted by us. If any of the foregoing takes place, our business and results of operations could be materially and adversely affected.

We collaborate with various industry participants in providing our solutions and services. Such participants include funding providers and partner financial institutions, manufacturers and merchants, agricultural experts, ESG partners and other services providers. Negative publicity about such counterparties, including any failure by them to adequately protect the information of our customers, to comply with applicable laws and regulations or to otherwise meet required quality and products and service standards could harm our reputation.

The laws and regulations governing the inclusive credit industry in China are evolving, and our business operations have been and may need to continue to be modified to ensure full compliance with relevant laws and regulations.

The inclusive credit industry in China, similar as the other financial services industry, is subject to evolving regulation. The PRC government and relevant regulatory authorities have issued various laws, rules, and regulations governing the microcredit industry as described in the section headed "Regulatory Overview—Regulations Relating to Microcredit Companies and Partner Banks." For example, the China Banking and Insurance Regulatory Commission ("CBIRC", now known as the National Financial Regulatory Administration, the "NFRA") issued the Provisional Regulatory Measures for Commercial Banks' Online Lending Business (《商業銀行互聯網貸款管理暫行辦法》) on July 12, 2020 to provide for the regulatory requirements on the extension of credit by commercial banks, including our partner banks, via online channels in various aspects. In addition, our partner banks are also subject to changes to capital adequacy and other regulatory requirements that may affect the risk weightings for various credit assets. Any increase in risk weightings for loans obtained through our platform will increase our partner banks' capital required, which may reduce the attractiveness of these loans or reduce or eliminate their interests in cooperating with us. In addition, a large number of small-scale farmers and small rural business owners have no or only a limited credit history, fewer financial resources or a lower borrowing capacity than large entities, and may be more vulnerable to economic downturns. As such, regulators may take steps to require lenders, including our partner financial institutions, to limit their exposure to these borrowers. Regulatory authorities may also require our partner financial institutions to undertake additional borrower suitability assessments. Furthermore, according to Notice of General Office of the China Banking and Insurance Regulatory Commission on Further Regulating the Internet Lending Business of Commercial Banks (《中國銀保監會辦公廳關於進一步規範商業銀行互聯網貸款業務的通知》), which came into effect on January 1, 2022, as the funding partner of commercial banks under co-lending arrangements, we are required to contribute not less than 30% of the principal amount in each single co-lending loan starting from January 1, 2022. If our partner financial institutions were required to adopt changes to their cooperation models with us as a result of new laws and regulations, our business, financial condition, results of operation and prospects would be materially and adversely affected.

Our rural inclusive credit services address the unmet credit demands of underserved rural households and small rural business owners in China, which entails partnering with several financial institutions in China to provide credits and loans to small-scale farmers and small rural business owners through our platform. The way financial institutions collaborate with their partners, including us, may subject them to regulatory uncertainties. To cope with the evolving regulatory regime, our partner financial institutions may need to adopt changes to the cooperation model with their business partners, including us, which may adversely affect our business. In addition, we cannot assure you that the business operations of our partner financial institutions currently are or will be completely in compliance with the relevant PRC laws and regulations, and in the event that our partner financial institutions do not operate their businesses in accordance with the relevant PRC laws and regulations, they will be exposed to various regulatory risks, and as a result, our cooperation model with them would be impacted and our business, financial condition and prospects would be materially and adversely affected.

Furthermore, relevant regulatory and judicial authorities may change the private lending rate of interest from time to time. On August 19, 2020, China's Supreme People's Court (the "SPC") announced its decision to lower the cap for such private lending rate in a revised judicial interpretation. Under the revised judicial interpretation, such total annual percentage rates (inclusive of any default rate, default penalty and any other fee) exceeding four times that of China's benchmark one-year loan prime rate (the "**LPR**") as published each month will not be legally protected. Based on the LPR of 3.45% as published in February 2024, such cap would be 13.80%. The revised judicial interpretation does not apply to licensed financial institutions. On December 29, 2020, the SPC announced its reply, which took effect on January 1, 2021, to affirm that licensed microcredit companies shall also qualify as licensed financial institutions and therefore do not apply to the aforementioned lower cap of private lending rate. Therefore, licensed microcredit companies shall continue to comply with the upper limit of 24.0% per annum, otherwise any claim for higher interest rate might not be upheld by the PRC courts in disputes. However, there is no guarantee as to whether our licensed microcredit subsidiaries would be subject to a lower cap to be provided by future laws, regulations or rulings. If our licensed microcredit subsidiaries are subject to a lower cap, our licensed microcredit subsidiaries may need to change our loan pricing or our business model, which may have a material and adverse effect on our business, financial condition, results of operation and prospects.

In November 2020, the CBIRC, and the PBOC, published the draft Interim Measures for Online Microcredit Business, or the Draft Online Microcredit Measures (《網絡小額貸款業務管理暫行辦法(徵求意見稿)》), for public comment. The Draft Online Microcredit Measures propose to set new requirements on online micro-credit business operators. For example, the Draft Online Microcredit Measures set forth certain condition to applying for online micro-lending license, such as the registered capital of an online micro-lending company shall be not less than RMB1 billion and shall be paid up at one time, and if an online micro-lending company intends to operate on a cross-provincial level, its registered capital shall be not less than RMB5 billion and shall also be paid up at one time. Pursuant to the Draft Online Microcredit Measures, a micro-lending company that engages in online micro-lending business at a cross-provincial level may have to obtain the approval from the banking regulator under the State Council. Therefore, if the Draft Online Microcredit Measures comes into force in the current form, we may have to increase our operating entities' registered capital in order to apply for the online micro-lending business license, and may have to change our business practices in accordance with the requirements under these measures, which would have adverse effect on our business, financial condition, results of operation and prospects. For more details, please refer to the section headed "Regulatory Overview—Regulations Relating to Microcredit Companies and Partner Banks."

To comply with existing laws, regulations, rules and government policies relating to the microcredit industry, we have implemented and will continue to implement various policies and procedures to conduct our business in collaboration with partner financial institutions. During the Track Record Period and as of the Latest Practicable Date, we have not been subject to any material fines or other material penalties under any PRC laws or regulations, including those governing the online lending and microcredit finance industry in China. However, due to the expectation that the relevant laws, regulations and rules may continue to evolve, we may have to constantly adjust our practices to comply with the requirements of relevant laws, regulations and rules, and if we fail to timely make such adjustments, we cannot assure you that our existing practices would not be deemed by regulators in the future to violate any laws, regulations and rules.

In addition to partnering with financial institutions to provide financial products and services, we provide credits and loans to small-scale farmers and small rural business owners and distribute insurance products through our licensed microcredit subsidiaries and licensed insurance agency subsidiary, respectively. Our licensed financial services subsidiaries are subject to capital and leverage ratio requirements in the PRC. Any change in regulatory regime or additional requirements may constrain our businesses or result in additional compliance costs. Local authorities in different regions may interpret, apply and enforce the relevant rules and regulations in different ways. These various regulatory requirements and their interpretation, application and enforcement relating to our licensed financial services subsidiaries may increase their compliance costs or limit their scale of operations unless we make additional capital contributions to them, or such requirements could restrict our expansion entirely without any possibility of increasing the capital contribution into these subsidiaries and associates. In addition, these licensed subsidiaries are subject to regular and ad hoc regulatory inspections, and may be subject to actions, by the relevant regulators regarding the compliance with relevant laws and regulations.

Furthermore, new laws and regulations may be adopted, and existing laws and regulations may be subject to interpretation and implementation in accordance with then-effective applicable laws and regulations, which, along with any possible changes needed to fully comply with any existing or newly released regulations, could require us to further modify our business or operations. The cost to comply with such laws or regulations could force us to incur increased operating expenses, and modifications of our business may have a material and adverse impact on our business, financial condition and results of operations.

We rely on our proprietary credit assessment model and risk management system in the determination of credit approval and credit limit assignment. If our proprietary credit assessment model and risk management system fail to perform effectively, such failure may materially and adversely impact our operating results.

Initial credit limits for our borrowers are determined and approved based on risk assessment conducted by our proprietary credit assessment model and risk management system. Such model and system use big data-enabled technologies, such as artificial intelligence and machine learning, which take into account transactions that we have processed, as well as the information we gathered through third-party databases and our offline due diligence procedures. While we rely on big data analytics and our offline operation insights to refine our model and system, there can be no assurance that our application of such technology and information will continue to deliver the expected benefits. As credit records in rural area are limited, we may not have accumulated sufficient credit analysis and data to optimize our model and system. Furthermore, our existing data and credit assessment model and risk management system might not be effective, as we seek to expand the borrower base and broaden our borrower engagement efforts through different channels in the future. If our system contains programming or other errors, if our model and system are ineffective, if we cannot obtain sufficient up-to-date data for the training and update of our model and system, or if the credit analysis, data and information we obtained are incorrect or outdated, our credit assessment abilities could be negatively affected, resulting in incorrect approvals or denials of credit applications or mispriced credit products. If we are unable to effectively and accurately assess the credit profiles of borrowers or price credit products appropriately, we may either be unable to offer attractive financing service fees and credit limits to borrowers, or be unable to maintain low delinquency rates of transactions processed by us. Our risk and credit assessment may not be able to provide more predictive assessments of future borrower behavior and result in better evaluation of our borrower base when compared to our competitors. If our proprietary credit assessment model and risk management system fail to perform effectively, our business and results of operations may be materially and adversely affected.

We may have limited information regarding the small-scale farmers and small rural business owners to which we provide loans, and the quality of our credit evaluation may be compromised as a result.

A majority of our borrowers are small-scale farmers and small rural business owners located in rural areas. While our credit evaluation depends, to a significant degree, on customer due diligence investigations, there is very limited information available about small-scale farmers and small rural business owners in rural areas. For example, small rural businesses operated by our customers might not maintain complete accounting records or other financial information, document their business model and procedures, or have in place the internal control systems of larger corporate entities. Our small-scale farmers and small rural business owners customers may not have the financial or other records and adequate information to demonstrate their creditworthiness and reputation or the viability of their business. Our local operation teams collect all the relevant documents and information during due diligence investigations, and verify the information necessary for us to make credit evaluations. For more details, see "Business—Risk Management and Internal Control." However, a lack or inadequacy of information may require us to expend additional effort and costs in conducting our due diligence reviews while undermining the effectiveness of such reviews. There are difficulties in covering all material information necessary to make a fully informed decision through our customer due diligence process, and our due diligence efforts may not be sufficient to identify the risks associated with the loans.

In addition to the information we obtained from the borrowers, we also obtain their credit analysis and other information, with their authorization, from external licensed parties, and assess applicants' creditworthiness based on such information. Such external party's credit assessment system may still be at a development stage and therefore have limitations in measuring borrowers' creditworthiness. We have experienced instances where credit analysis information provided by an external party was insufficient for our credit assessment.

Therefore, we do not rely on inputs from one or only a few external parties. Instead, we use inputs from many external parties for our credit assessment model to enhance our risk management capabilities. As the credit assessment methodologies of external parties are not disclosed to us, we may not have adequate knowledge of the assumptions behind their credit analysis, which could cause our model to produce inaccurate results. In addition, if there is an adverse change in the economic condition, credit analysis information provided by external parties may not be a reliable reference to assess an applicant's creditworthiness, which may compromise our risk management capabilities. As a result, our assessment of a borrower's credit profile may not reflect that particular borrower's actual creditworthiness because assessment may be based on outdated, incomplete or inaccurate information. In addition, the completeness and reliability of information on borrower's credit risk available to us and external parties from whom we obtain information for our credit assessment model is relatively limited.

We also currently do not have a comprehensive way to determine whether prospective borrowers have obtained loans through other credit platforms, creating the risk whereby a borrower may utilize our credit products in order to pay off loans from other sources and may not be able to monitor our customers' actual use of the loans. There is also a risk that, following our obtaining a borrower's information, the borrower may have:

- become delinquent in the payment of an outstanding obligation;
- defaulted on a pre-existing debt obligation;
- taken on additional debt; or
- sustained other adverse financial events.

Such inaccurate or incomplete borrower credit analysis and other information could compromise the accuracy of our credit assessment and adversely affect the effectiveness of our control over our delinquency rates. We may not be able to recoup funds underlying transactions made in connection with inaccurate or incomplete borrower credit information, in which case our results of operations will be harmed.

If we are unable to effectively manage delinquency rates for loans issued and facilitated by us, our business and results of operations may be materially and adversely affected. Further, historical delinquency rates may not be indicative of future results.

We may not be able to maintain low delinquency rates for loans issued and facilitated by us, or such delinquency rates may be significantly affected by economic downturns or general economic conditions beyond our control and beyond the control of individual borrowers. To better protect our company and our funding providers and partner financial institutions from these industry headwinds, we implemented comprehensive credit assessments before making credit decisions and we conduct post-loan management and collection after disbursement. However, there can be no assurance that we will be able to effectively manage delinquency rates with such measures.

Introduction of new credit products may result in higher delinquency rates for loans issued and facilitated by us. Increase in credit utilization by borrowers from existing levels may also potentially have a material adverse effect as to the delinquency rates for loans issued and facilitated by us. Furthermore, we broaden our prospective borrower base from time to time as we enhance our credit assessment model to include those with different credit profiles than borrowers that we currently provide credit to as well as prospective borrowers that we have not reached out to previously. In addition, we have offered, and may continue to offer, borrowers with stronger credit profiles higher credit limits and longer repayment durations to drive higher engagement with such borrowers. However, as we continue to adjust our credit approval strategy based on market conditions, we may experience higher delinquency rates for transactions funded and facilitated by us in the future.

We recognize a loss allowance for expected credit losses on on-balance sheet loans due to the borrowers' default as allowance for loans and advances to customers. Credit losses are measured as the present value of all expected cash shortfalls, which is the difference between the cash flows due to us in accordance with the contract and the cash flows that we expect to receive. Accordingly, any increase in the delinquency rates of on-balance sheet loans would increase our allowance for loans and advances to customers for the relevant period. Such increase could have a material adverse effect on our business, results of operations and financial positions. Furthermore, if the actual delinquency rates for on-balance sheet loans were higher than predicted, our cash flow would be reduced and our allowance for loans and advances to customers may not be able to cover the actual losses as expected, which could have a material adverse effect on our working capital, financial condition, results of operations and business operations. As of December 31, 2021, 2022 and September 30, 2023, our loans and advances to customers for which any installment payment was more than three months past due were RMB89.5 million, RMB170.2 million and RMB177.9 million, respectively. As of the same dates, our allowance for loans and advances to customers were RMB289.3 million, RMB440.1 million and RMB437.5 million, respectively.

We do not accrue financing income on principal for which any installment payment is more than 90 calendar days past due. Financing income previously accrued but subsequently placed on nonaccrual status will be netted from our financing income for the current period, and as a result, our revenue and profitability will be adversely affected.

When carrying out our loan facilitation business, we may voluntarily purchase a portion of overdue loans from our partner financial institutions to improve our bargaining power in negotiating our service fees and facilitate debt collection as we are closer to borrowers. We account for the related provision as provision for loan facilitation business in accordance with expected credit loss model. As of December 31, 2021, 2022 and September 30, 2023, our provision for loan facilitation business was RMB83.3 million, RMB64.0 million and RMB96.8 million, respectively. Please see "Financial Information—Summary of Financial Position—Accruals and Other Payables" for details. As such, if we were to experience a significant increase in delinquency rate, we may recognize loss on service fee, and if this were to occur, our results of operations, financial position and liquidity will be materially and adversely affected.

If our ability to collect delinquent loans is impaired, our business, financial condition and results of operation might be materially and adversely affected.

We have implemented payment and collection policies and practices designed to optimize the repayment process, while also providing superior borrower experience. Our collection process is divided into distinct stages based on the severity of delinquency, which dictates the level of collection steps taken. For example, automatic reminders through text, voice and instant messages are sent to a delinquent borrower and on-site visits as soon as the collections process commences. Our in-house team collects delinquent loans. Despite our servicing and collection efforts, we cannot assure you that we will be able to collect payments on such loans as expected. In addition, we aim to control bad debts by utilizing and enhancing our credit assessment system rather than relying on collection efforts to maintain healthy credit performances. As such, our local operation teams may not possess adequate resource and manpower to collect payment on and service the transactions we funded and facilitated. If we fail to adequately collect amounts owed, then payments of principals and financing service fees to us may be delayed or reduced and our results of operations will be adversely affected. Because we bear the credit risk for loans funded by us, we recognize impairment losses for default loans in these arrangement. In 2021, 2022 and the nine months ended September 30, 2022 and 2023, we incurred impairment loss of RMB90.5 million, RMB208.1 million, RMB157.9 million and RMB99.5 million from loans and advances to customers. Further information on the impairment loss recognized on loans and advances to customers is set out in Note 6 of the Accountants' Report included in Appendix I to this document. As a result, our financial conditions will be adversely affected if the delinquency rate of our loans rises. As the amount of transactions funded and facilitated by us increases in the future, we may devote additional resources into our collection efforts. However, there can be no assurance that we would be able to utilize such additional resources in a cost-efficient manner.

Although we have established strict policies that our local operation teams do not engage in aggressive or illegal practices, we cannot assure you that our personnel will not engage in any misconduct as part of their collection efforts. Any such misconduct by our local operation teams in their collection process or the perception that our collection practices are considered to be aggressive and not compliant with the relevant laws and regulations in the PRC may result in harm to our reputation and business, which could further reduce our ability to collect payments from borrowers, lead to decrease in the willingness of prospective borrowers to apply for loans or fines and penalties imposed by the relevant regulatory authorities, any of which may have a material adverse effect on our results of operations.

We primarily rely on our funding providers and partner financial institutions for our rural inclusive credit services.

We primarily rely on our funding providers and partner financial institutions, including partner banks, to collaborate with us to provide inclusive credits to our customers. To the extent these funding providers and partner financial institutions determine not to cooperate with us, our platform may not be able to satisfy the demand from small-scale farmers and small rural business owners. In addition, our funding providers and partner financial institutions may develop their own technology capabilities to serve small-scale farmers and small rural business owners. There can be no assurance that we can maintain relationships with our funding providers and partner financial institutions on commercially desirable terms, if at all. Furthermore, if applicable laws, rules and regulations impose more restrictions on cooperation between financial institutions and us, or the competent government authorities heighten their level of scrutiny over such cooperation, these funding providers and partner financial institutions may become more selective about their cooperation partners. We have significant relationships with some of our funding providers and partner financial institutions, who fund large volumes of loans issued and facilitated by us. If we fail to increase the number of our funding providers or partner financial institutions, or if existing funding providers or partner financial institutions change their mode of cooperation with us, we may face constraints on growth or greater concentration among the remaining funding providers and partner financial institutions, which in turn can result in our reliance on them and challenges in negotiating favorable commercial terms with them. Even if we are able to retain our funding providers and partner financial institutions, they may not be able to satisfy all of the demand for rural credit through our platform for various reasons beyond our control, including their own liquidity constraints and the capital adequacy requirements imposed on them under applicable laws and regulations. Furthermore, if regulatory action aimed at deleveraging the microcredit sector or otherwise limiting the scale of microcredit granted to small-scale farmers and small rural business owners in rural areas in China, our funding providers and partner financial institutions and our licensed microcredit subsidiaries will not be able to meet the credit demands of our customers. Any of these events could materially and adversely affect our business, financial performance and prospects.

We collaborate with a trust company to set up trust plans to fund our on-balance sheet loans. The trust company is required to comply with a wide array of laws and regulations that are continually evolving, which may affect their ability to collaborate with us to fund our on-balance sheet loans. For example, on April 27, 2018, the PBOC, the CBIRC, the CSRC and the SAFE jointly issued the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》) (the "Asset Management Guiding Opinions"), which, among other things, prohibit the rolling issuance of a series of assets management products (including trust plans) that enables the transfer of the principal, expected investment return and risks among different investors, and set limit on the structural leverage ratio of trust plans. If our partner trust company fails to comply with applicable requirements or if they are required to adopt changes to their trust plans, their ability to fund our on-balance sheet loans would be affected.

Our ability to fund the loans of our rural inclusive credit services, to some extent, is affected by the conditions of the asset-backed securities market.

We sell a portion of the loans of our rural inclusive credit services as asset-backed securities. The asset-backed securities market is subject to evolving regulatory regime, which may limit the investors' ability to invest in asset-backed securities or constrain market size, and therefore affect our ability to access the market. Our ability to access the market could also be limited by, among other things, the state of the economy, and the liquidity of the market, which are outside of our control. Any inability to access the market could adversely impact our ability to fund the loans of our rural inclusive credit services, which could in turn have a material adverse effect on our business, financial condition and results of operations. In addition, our licensed microcredit subsidiaries may from time to time face challenges when exploring alternative funding initiatives to fund their approved credit lines, to support our rapid business growth or in response to the change of regulatory environment. While we were able to develop a partnership model to make appropriate adjustment and maintain strong growth, there can be no assurance that we will be able to implement alternatives in a timely manner to support credit origination and our rapid business growth or in response to the change of regulatory environment and other changes in the future.

Some of our past arrangements during the Track Record Period may be deemed as providing financing guarantee by the PRC regulatory authorities and we cannot assure you that we will not be subject to penalty for such past arrangements.

The State Council promulgated the Regulations on the Administration of Financing Guarantee Companies, or the Financing Guarantee Rules (《融資擔保公司監督管理條例》), on August 2, 2017 which became effective on October 1, 2017. Pursuant to the Financing Guarantee Rules, "financing guarantee" refers to the activities in which guarantors provide guarantee to the guaranteed parties as to loans, bonds or other types of debt financing, and "financing guarantee companies" refer to companies legally established and operating financing guarantee business. According to the Financing Guarantee Rules, the establishment of financing guarantee companies shall be subject to the approval by the competent government department, and unless otherwise stipulated by the regulatory authorities, no entity may operate financing guarantee business without such approval. If any entity violates these regulations and operates financing guarantee business without approval, the entity may be subject to penalties including ban or suspension of business, fines of RMB500,000 to RMB1,000,000, confiscation of illegal gains if any, and if the violation constitutes a criminal offense, criminal liability shall be imposed in accordance with the law.

On October 9, 2019, the Supplementary Provisions on the Supervision and Administration of Financing Guarantee Companies (《融資擔保公司監督管理補充規定》), or Financing Guarantee Provisions, are jointly issued by the CBIRC, the NDRC and other seven central governmental departments, which was amended on June 21, 2021. The Financing Guarantee Provisions further enhances the supervision of such business. Specifically, these provisions provide that institutions providing customer referral, credit rating or other services for loan lenders are barred from offering financing guarantee services in any manner unless after obtaining necessary approvals.

Under our loan facilitation arrangements and co-lending arrangements during the Track Record Period, we have entered into cooperative arrangements with certain commercial banks in which they are identified as the lender under the agreements with borrowers, and the borrowers are required to repay the principal and interest directly to them. Historically, we carried out loan facilitation business by referring quality customers to financial institutions in the PRC with a fixed-rate fee charges and were contractually obliged to compensate our partner banks for actual defaults of the loans funded by them. From December 2021 to December 2022, we gradually terminated all such contractual obligations to financial institutions. We may voluntarily purchase a portion of overdue loans from our partner financial institutions to improve our bargaining power in negotiating our service fees and facilitate debt collection as we are closer to borrowers. As of September 30, 2023, loans funded by partner financial institutions represented 42.8% of the total outstanding amount of loans obtained through our platform. The previous arrangements where we were contractually obliged to compensate our partner banks for actual defaults of the loans may be deemed as financial guarantees. With the assistance of our PRC Legal Adviser, we consulted a competent local financial regulatory official on December 28, 2023, who confirmed that the competent local financial regulatory authority would not impose regulatory actions or penalties on the enterprises who have already ceased to conduct financing guarantee activities without approval. In light of above and based on the verbal consultation, our PRC Legal Adviser is of the view that our risk arising from aforementioned historical provision of guarantee and hence to be imposed regulatory penalties by the competent authority is relatively low.

Due to the lack of further interpretations, the exact definition and scope of "operating financing guarantee business" under the Financing Guarantee Rules is unclear. It is uncertain whether we would be deemed to operate financing guarantee business because of our historical and current arrangements with partner financial institutions. However, institutions providing customer referral, credit rating or other services for loan lenders are barred from offering financing guarantee services in any manner unless after obtaining necessary approvals in accordance with Financing Guarantee Provisions. Furthermore, pursuant to Circular 141, a bank participating in loan facilitation business may not accept credit enhancement service from a third party which has not obtained any license or approval to provide guarantees, including credit enhancement service in the form of a commitment to assume default risks. We may also cooperate with third parties to provide guarantees through alternative arrangements, such as cooperation with third parties with financing guarantee licenses. If our historical arrangement of compensating our partner banks for actual defaults of the loans funded by them or such alternative arrangements are deemed to be in violation of Circular 141, we could also be subject to penalties and/or be required to change our business model. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Fraudulent activity could negatively impact our results of operations, brand and reputation and cause the use of our credit products and services to decrease.

We are subject to the risk of fraudulent activity associated with borrowers and parties handling customer information. Our resources, technologies and fraud detection tools may be insufficient to accurately detect and prevent fraud. For example, we currently do not have a comprehensive way to determine whether prospective borrowers have obtained loans through other credit platforms, creating the risk whereby a borrower may borrow money through us in order to pay off loans from other sources. Even if we identify a fraudulent borrower and reject his or her credit application, such borrower may re-apply by using fraudulent information. We may fail to identify such behavior, despite our measures to verify personal identification information provided by borrowers. Furthermore, we may not be able to recoup funds underlying transactions made in connection with fraudulent activities. A significant increase in fraudulent activities could negatively impact our brands and reputation, discourage partner financial institutions from collaborating with us, reduce the amount of transactions facilitated to borrowers and lead us to take additional steps to reduce fraud risk, which could increase our costs. High profile fraudulent activity could even lead to regulatory intervention, and may divert our management's attention and cause us to incur additional expenses and costs. Although we have not experienced any material business or reputational harm as a result of fraudulent activities in the past, we cannot rule out the possibility that fraudulent activities may materially and adversely affect our business, financial condition and results of operations in the future.

Failure to comply with any restrictive covenants of our indebtedness could have an adverse effect on our cash flow and liquidity.

We had outstanding interest-bearing borrowings of RMB3,560.3 million as of September 30, 2023. Under the terms of our indebtedness and under any debt financing arrangement that we may enter into in the future, we are, and may be in the future, subject to covenants that could, among other things, restrict our business and operations. If we breach any of these covenants, our lenders under our credit facilities will be entitled to accelerate our debt obligations. Any default under our credit facilities could require that we repay these debts prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity.

Fluctuations in interest rates could negatively affect cost of capital for funds provided to borrowers.

If prevailing market interest rates rise, our cost of capital for funds will increase, which may force us to increase the interest rates charged to our borrowers. If our borrowers decide not to utilize our credit products because of such an increase in the interest rate charged to them, our ability to retain existing borrowers, attract or engage prospective borrowers as well as our competitive position may be severely limited. If prevailing market interest rates decrease and we fail to adjust the interest rates charged to our borrowers accordingly, prospective borrowers may take advantage of the lower funding cost offered by our competitors. If we decrease the interest rates we charged to our borrower without a decrease in our cost of capital, our profitability and results of operations may be adversely affected. As a result, any fluctuation in the interest rate environment may discourage borrowers from making credit applications from us or utilize their approved credit, which may adversely affect our business. We cannot assure you that we will be able to effectively manage such interest risk fluctuation at all times or pass on any increase in interest rate to our borrowers. If we are unable to effectively manage the fluctuation in market interest rate, our business, profitability, results of operations and financial condition could be materially and adversely affected.

Our inability to maintain stable relationships with the village-level partners, manufacturers and merchants that we collaborate with, or failure to secure alternative village-level partners, manufacturers and merchants, could have a material and adverse effect on our business and financial condition.

To support our growing agricultural production services and rural consumer goods and services, we cooperate with a large number of village-level partners, manufacturers and merchants to source a wide range of merchandise and attract them to offer products directly to customers on our platform. Therefore, it is important to maintain a stable relationship with these village-level partners, manufacturers, merchants to facilitate the growth and stability of our business. In particular, we normally do not enter into long-term contracts with our manufacturers and merchants in order to retain flexibility in our operation. There is no assurance that we will be able to maintain long-term business relationships with our current village-level partners, partner manufacturers and merchants. Our sales and revenue could be materially and adversely affected if our village-level partners, partner manufacturers' and merchants' business plans or markets change materially or if we lose one or more of our major partner manufacturers and merchants. In addition, there is no assurance that our current or future arrangements with our major village-level partners, partner manufacturers and merchants can be negotiated on terms and prices equivalent to or more favorable than current terms and prices. We may not be able to secure alternative supplies of similar quality from new village-level partners, manufacturers and merchants at prices and terms acceptable to us, and the loss of major partner manufacturers and merchants, or adverse change to trade terms with such partner manufacturers and merchants, could materially and adversely affect our business, financial condition and results of operations.

In addition, there is no assurance that our partner manufacturers and merchants will be able to supply the merchandise to us in a timely manner or that they will not increase their prices, or reduce or cease to supply merchandise to us. In turn, we may lose customers if we cannot provide a stable supply of merchandise.

Any delivery delay, improper handling of goods or increase in transportation costs of our logistic service providers could adversely affect our business and results of operations.

In cases where we source merchandise from manufacturers or merchants and then resell to consumers, we are generally responsible for the delivery of merchandise. We engage third-party logistics companies to fulfill such services. Interruptions or failures in these third parties' delivery services could jeopardize the timely or successful delivery of our merchandise, which could in turn result in the loss of customers.

The logistics services provided by such third parties may be suspended or cancelled due to unforeseen events, which could cause interruption to the sales or delivery of the merchandise sold through our platform. In addition, delivery delays may occur for various reasons beyond our control, including inclement weather, natural disasters, virus outbreaks, transportation disruptions or labor disputes. If the merchandise sold through our platform is not delivered on time or is delivered in an unexpected condition, our customers may refuse to accept such merchandise and lose confidence in our services. We have received customer complaints occasionally with regards to the delivery, return and exchange services. If our appointed third parties are unable to perform the logistics services as expected and we are unable to find alternative logistics providers in a timely manner, or if we are unable to provide delivery services at all, our business and reputation can be materially and adversely damaged.

From time to time we may evaluate and potentially consummate strategic investments or acquisitions, which could require significant management attention, disrupt our business and adversely affect our financial results.

We may evaluate and consider strategic investments, combinations, acquisitions or alliances to enhance our competitive position. For example, during the Track Record Period, we expanded our agricultural production services and rural clean energy services partially through acquisitions. These transactions could be material to our financial condition and results of operations if consummated. If we are able to identify an appropriate business opportunity, we may not be able to successfully consummate the transaction and, even if we do consummate such a transaction, we may be unable to obtain the benefits or avoid the difficulties and risks of such transaction, which may result in investment losses.

Strategic investments or acquisitions will involve risks commonly encountered in business relationships, including:

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products and services of the acquired business;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits, including the inability to successfully further develop the acquired business and technology;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from our normal daily operations and potential disruptions to our ongoing business;
- strain on our liquidity and capital resources;
- difficulties in executing intended business plans and achieving synergies from such strategic investments or acquisitions;
- difficulties in maintaining uniform standards, controls, procedures and policies within the overall organization;
- difficulties in retaining relationships with existing business partners of the acquired business;

- risks of entering markets in which we have limited or no prior experience;
- regulatory risks, including remaining in good standing with existing regulatory bodies or receiving any necessary pre-closing or post-closing approvals, as well as being subject to new regulators with oversight over an acquired business;
- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property rights or increase our risk for liability;
- liability for activities of the acquired business before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- unexpected costs and unknown risks and liabilities associated with strategic investments or acquisitions.

Any future investments or acquisitions may not be successful, may not benefit our business strategy, may not generate sufficient revenues to offset the associated acquisition costs or may not otherwise result in the intended benefits.

We may be subject to claims under consumer protection laws, including health and safety claims and product liability claims, if property or people are harmed by the products and services sold on our platform. Meanwhile, we are subject to existing and new laws and regulations imposing various requirements on operation of our e-commerce platform.

The products sold on our platform may be defectively designed or manufactured, and offerings of defective products on our platform may expose us to liabilities associated with consumer protection laws. Third parties who purchased defective products sold by us and sustained personal injury or property damage may bring claims or legal proceedings against us as the retailer of the products. Although we would have legal recourse against the manufacturer of such products under PRC law, attempting to enforce our rights against the manufacturer may be expensive, time-consuming and ultimately futile. Also, operators of e-commerce platforms are subject to certain provisions of consumer protection laws even where the operator is not the merchant of the product or service purchased by the consumer. For example, under the E-commerce Law, we may be held jointly liable with the merchants if we fail to take necessary actions when we know or should have known that the products or services provided by the merchants on our platforms do not meet personal and property security requirements, or otherwise infringe upon consumers' legitimate rights. Applicable consumer protection laws in China also hold trading platforms liable for failing to meet any undertaking that the platforms make to consumers with regard to products listed on their websites. Furthermore, we are required to report to the SAMR, or its local branches any violation of applicable laws, regulations or SAMR rules by merchants or service providers, such as sales of goods without proper license or authorization, and we are required to take appropriate remedial measures, including ceasing to provide services to the relevant merchants or service providers. According to the Online Trading Measures, we are also required to verify and update each merchant's profile on a regular basis and monitor their market participant registration status. Therefore, we may be held liable if we fail to verify the licenses or qualifications of merchants, or fail to safeguard consumers with respect to products or services affecting consumers' health or safety. On September 2, 2022, the Standing Committee of the National People's Congress promulgated the Anti-Telecom and Online Fraud Law of PRC, effective on December 1, 2022, which stipulates that Internet service providers may not provide assistance to telecom and online fraud and must strengthen internal control mechanisms to prevent and curb telecom and online fraud, including verifying user identities, timely and proper handling of abnormal accounts, enhancing protection of key information vulnerable to fraud and enhancing risk and security assessment for new businesses. Failure to comply with these requirements may subject us to warnings, public denouncement, fines, suspension of business, rectification orders, shutdown of websites and applications and revocation of relevant licenses, which could materially and adversely affect our business, financial condition and results of operations.

We do not maintain product liability insurance for products transacted on our platform, and our rights of indemnity from the manufacturers and merchants on our platform may not adequately cover us for any liability we may incur. Claims against us, even if they are eventually unsuccessful, could result in significant expenditure of funds and diversion of management's time and resources, which could materially and adversely affect our business, financial condition and prospects.

In addition, the PRC government authorities may continue to promulgate new laws, regulations and rules governing the e-commerce industry and consumer protection, step up enforcement of existing laws, rules and regulations, and impose additional requirements and other obligations on our business including the operation of our platform and our market promotion activities. Compliance with these laws, regulations and rules may be costly, and any incompliance or associated inquiries, investigations and other governmental actions may divert significant management time and attention and our financial resources, bring negative publicity, or subject us to liabilities or administrative penalties:

- In August 2018, the Standing Committee of the National People's Congress, or the SCNPC, promulgated the E-Commerce Law (《電子商務法》), which took effect in January 2019. According to the E-Commerce Law, e-commerce platform operators who fail to take necessary actions when they know or should have known that the merchants on their platform infringe others' intellectual property rights or the products or services provided by the merchants do not meet the requirements for product safety, or otherwise infringe upon consumers' legitimate rights, will be held jointly liable with the merchants. Additionally, with respect to the products or services affecting consumers' life and health, the e-commerce platform operators will bear relevant responsibilities if they fail to review the qualifications of merchants or fail to safeguard the interests of the consumers. We may be held responsible if fresh produce or other products sold through our *Xiangzhu (鄉助)* platform caused harm to the interests and health of consumers.

- The E-Commerce Law requires e-commerce platform operators to take necessary actions if merchants on their platforms fail to display prominently on their platform web pages the information contained in their business licenses or administrative permits relating to their operating businesses. According to the E-Commerce Law, all e-commerce operators, including individuals and entities carrying out their business online and e-commerce platform operators and merchants on these platforms, should register with the relevant local branches of SAMR. Individuals selling agricultural products or conducting certain transactions with minimum economic value and low volume are not subject to these registration requirements. E-commerce platform operators should provide the identity information of the merchants on their platforms to local branches of SAMR and procure the merchants who fail to make such registrations to comply with the registration requirements. Measures for the Supervision and Administration of Online Trading (《網絡交易監督管理辦法》) (the "**Online Trading Measures**") promulgated by SAMR in 2021 also require e-commerce platforms to timely remind individual merchants to register with local branches of SAMR if their total annual transaction volume across different platforms exceeds RMB100,000. Our policy expressly requires all merchants on our platform to complete these registrations. We may lose existing or potential merchants who do not or are unwilling to comply with the registration and related requirements, and we may be found liable under the E-Commerce Law and related regulations if we are deemed to have failed to implement the required procedures. The E-Commerce Law and the related regulations are relatively new and subject to implementation rules by local regulatory authorities. As such, we still face uncertainties in relation to their further interpretations and applications.

- In October 2020, the SAMR issued the Interim Provisions for Regulating Promotional Activities (《規範促銷行為暫行規定》), which became effective on December 1, 2020. Among other things, these interim provisions are designed to promote consumer protection and prohibit false or misleading commercial information used in promotional activities. As a platform operator, we are required by the interim provisions to design rules and procedures to foster fair and transparent merchandise promotional activities, and assist the authorities in their investigation of violations by platform merchants, which will add more compliance costs and enforcement uncertainties. In addition, according to the PRC Anti-unfair Competition Law (《反不正當競爭法》) and relevant laws and regulations, business operators are prohibited from inducing consumers into transactions via misleading commercial publicity or engaging in other anti-competitive conducts. If we are found to have violated these laws and regulations, we may be subject to fines and other administrative penalties.

- In February 2021, the Anti-monopoly Committee of the State Council published the Guidelines on Anti-monopoly Issues in Platform Economy (《關於平台經濟領域的反壟斷指南》), aiming at enhancing anti-monopoly administration of businesses that operate under the platform model and the overall platform economy. According to these guidelines, business practices such as deploying big data analytics to set discriminatory terms for merchandise price or other transaction terms, coercive exclusivity arrangements with transaction counterparties, blocking of competitor interface through technological means and unlawful collection of user data without consent, are prohibited. As the guidelines were newly promulgated, it is still uncertain as to the specific impact on our business or results of operations and prospects. If we are found to have any non-compliance issues by relevant authorities, we may be subject to fines and other penalties.

Compliance with the laws, regulations, rules and guidelines with respect to consumer protection, anti-monopoly and unfair competition may be costly, and any incompliance or associated inquiries, investigations and other governmental actions may divert significant management's time and attention and our financial resources, bring negative publicity, subject us to liabilities or administrative penalties, and may materially and adversely affect our financial conditions, operations and business prospects.

The insurance industry is highly regulated in China. Non-compliance with the evolving laws and regulations may materially and adversely affect our business and prospects.

The regulatory regime governing insurance industry continues to evolve. The NFRA has extensive authority to supervise and regulate the insurance industry in China. Since the online insurance industry in China is evolving rapidly, the NFRA and its predecessor CBIRC have been enhancing its supervision over this industry in recent years, and new laws, regulations and regulatory requirements have been promulgated and implemented from time to time, and may continue to evolve.

On June 22, 2020, the CBIRC published the Notice on Regulating the Backtracking Management of Online Insurance Sales Behavior (《關於規範互聯網保險銷售行為可回溯管理的通知》) (the "**Online Insurance Sales Notice**") with effect from October 1, 2020. The Online Insurance Sales Notice sets out requirements on various aspects of online sales by insurance institutions, including sales practices, record-keeping for backtracking sales, and disclosure requirements. For example, the Online Insurance Sales Notice requires that online sales pages should be displayed only on insurance institutions' self-operated online platforms and should be separated from non-sales pages. Insurance institutions should keep records for five years after the expiry of the policy for policies with a term of one year or less and for ten years for policies with a term longer than one year for purposes of backtracking sales. It is also required that important policy terms and conditions should be presented on a separate page and be confirmed by policyholders or insureds.

Further development of regulations applicable to us or our partner insurers may result in additional regulatory requirements on our business operations or more intensive competition in this industry. For example, on February 1, 2021, the Regulatory Measures for Online Insurance Business (《互聯網保險業務監管辦法》) (the "**Measures**") published by CBIRC came into effect. The Measures replaced the previous regulations on the same subject that were adopted in 2015. The Measures changed regulatory requirements for online insurance business in various aspects, including but not limited to the operations of self-owned online insurance agency platform, management of marketing activities and provision of after-sale service, which may impact both our licensed insurance agency subsidiary and our cooperation with partner insurers. The Measures are subject to interpretation and implementation by competent governmental authorities. Therefore, we might be required to spend significant time and resources in order to comply with the Measures and other relevant regulatory requirements from time to time. The material changes in regulatory environment could trigger significant changes to the competitive landscape of our industry, and we may lose some or all of our competitive advantages during this process. We may change the insurance product mix we make available on our platform in response to changing market demands following any change of regulatory requirements. In doing so, we may have to include insurance products that we have little experience with on our platform, or reduce or cease the distribution of insurance products that used to be popular on our platform, either of which may adversely affect our results of operations.

Our businesses are subject to, and impacted by, regulation and administration by the NFRA and other government authorities, and failure to comply with any applicable regulations and rules by us could result in financial losses or harm to our business.

We are subject to the PRC Insurance Law (《中華人民共和國保險法》), Regulatory Provisions on Insurance Agents (《保險代理人監管規定》), and related rules and regulations. Our digital insurance distribution business is extensively regulated by the NFRA, which has been given discretion in its administration of these laws, rules and regulations as well as the authority to impose regulatory sanctions on us. As the PRC Insurance Law was first promulgated in 1995 and amended in 2002, 2009, 2014 and 2015, the NFRA has been granted greater regulatory oversight over the PRC insurance industry, in part to afford policyholders more protection.

The terms and premium rates of the insurance products we carry, the commission rates we earn, as well as the way we operate our insurance agency businesses, are subject to regulations. Changes in these regulations may affect our profitability on the products we sell. For example, the CBIRC and NFRA promulgated a series of regulations and implementation directives to strengthen the regulation of the premium and commission rates for insurance. For example, the Administrative Measures on Insurance Clauses and Insurance Premium Rates of Property and Casualty Insurance Companies (《財產保險公司保險條款和保險費率管理辦法》) amended on August 16, 2021 by the CBIRC and the Administrative Measures for Insurance Clauses and Premium Rates of Life and Health Insurance Companies (《人身保險公司保險條款和保險費率管理辦法》) implemented on December 30, 2011 and amended on October 19, 2015, provide legal requirements for the terms and premium rates of the insurance products. Furthermore, in October, 2022, the Notice by the Beijing Office of the China Banking and Insurance Regulatory Commission of Further Preventing the Arbitrage Risk of Life and Health Insurance Commission (《北京銀保監局關於進一步防範人身保險佣金套利風險的通知》) was issued and according to which, the sums of the insurance agency commissions and other expenses paid by life and health insurance companies to insurance agency companies shall not exceed the insurance premium of the current period. In September, 2023, the NFRA promulgated the Measures for the Administration of Insurance Sales Activities (《保險銷售行為管理辦法》),

which will come into force on March 1, 2024. These Measures categorizes insurance sales activities of insurance companies and insurance intermediaries, including insurance agency companies, into three phases, pre-sales, in-sales, and post-sales activities, setting forth varied regulatory requirements on each phase of insurance sales activities. See also "Regulatory Overview – Regulations Relating to Insurance Agency Companies." Any tightening of regulations or administrative measures on insurance premiums or insurance agency commissions could have material adverse impact on the revenue and profitability of our digital insurance distribution business, if we are not able to increase our digital insurance distribution business volume sufficiently to compensate for the reduced revenue generated from insurance commission, or pass on any downward impact on our commission rates to our external referral sources.

Failure to comply with any of the laws, rules and regulations to which we are subject could result in fines, restrictions on business expansion, which could materially and adversely affect us. The laws, rules and regulations under which we are regulated may change from time to time, and there is uncertainty associated with their interpretation and application. We cannot assure you that future legislative or regulatory changes would not have a material adverse effect on our business, results of operations and financial condition.

Because the commission income we earn on the distribution of insurance products is based on premium and commission rates set by insurance companies, and regulated by NFRA, any decrease in these premiums or commission rates, or increase in the referral fees we pay to our external referral sources, may have an adverse effect on our results of operation.

We derive a majority of our revenue from our digital insurance distribution by earning commissions from insurance companies we cooperate with. The commissions we receive from insurance companies on the insurance policies sold are generally calculated as a percentage of the insurance premiums paid by the purchasers of such insurance policies. Our revenue and results of operations are thus directly affected by the size of insurance premiums and the commission rates for such policies.

Insurance premiums and commission rates can change based on the prevailing economic, regulatory, taxation-related and competitive factors that affect insurance companies and end consumers. These factors, many of which are not within our control, include insurance companies' expectation on profits, consumer demand for insurance products in the market, the availability and pricing of comparable products offered by other insurance companies, and the end consumers themselves.

On the other hand, we engage external referral sources, such as third-party insurance agents, to promote insurance products, and pay referral fees to them for referring end consumers to us. We may adjust the rates of referral fees at our discretion, depending on the competitive landscape and market conditions. Accordingly, any increase in such rates would reduce our profit margin.

Because we do not determine, and cannot predict, the timing or extent of premium or commission rate changes, we cannot predict the effect any of these changes may have on our operations. Any decrease in premiums or commission rates we receive, and/or any increase in the rates of referral fees we pay to our external referral sources, could significantly affect our profitability.

In addition, the insurance market in China is concentrated. We partner with a limited number of insurance companies for certain insurance products that are highly popular on our platform. Failure to retain any of our partner insurers could result in greater concentration among the remaining partner insurers, which in turn could result in undue reliance on them and challenges in negotiating favorable commercial terms with them.

Our business is subject to complex and evolving PRC laws and regulations regarding cybersecurity, privacy and data protection, which are subject to change and interpretation in accordance with the then-effective applicable laws. Complying with these laws and regulations increases our cost of operations and may require changes to our data and other business practices. Failure to comply with these laws and regulations could result in claims, regulatory investigations, litigation or penalties, or otherwise negatively affect our business.

PRC regulatory authorities have increasingly focused on cybersecurity, privacy and data protection, and promulgated a number of laws and regulations. In the course of our business operations, we collect information of our platform users and customers. We are subject to cybersecurity and data privacy laws and regulations in China, including, without limitation, the Cybersecurity Law (《網絡安全法》), the Data Security Law (《數據安全法》), and the Personal Information Protection Law of the PRC (《個人信息保護法》), pursuant to which we are required to maintain the confidentiality, integrity, and availability of the information of our users and customers, comply with requirements and limitations on the collection and processing of personal information. See "Regulatory Overview—Regulations Relating to Data and Privacy Protection."

On November 7, 2016, the Standing Committee of the National People's Congress issued the Cybersecurity Law (《網絡安全法》), which came into effect on June 1, 2017. Cybersecurity Law provides that network operators must meet their cybersecurity obligations and must take technical measures and other necessary measures to protect the safety and stability of their networks and imposes more stringent requirements on operators of "critical information infrastructure," especially in data storage and cross-border data transfer. We believe that we are compliant with Cybersecurity Law, including requirements relating to security protection, user identity verification, cybersecurity emergency response planning and technical assistance, in all material respects. Failure to comply could subject us to fines, suspension of businesses, shutdown of websites and revocation of business licenses. As of the Latest Practicable Date, we have not been informed, approached or designated as a critical information infrastructure operator under the applicable PRC laws and regulations by any PRC governmental authorities. See "Regulatory Overview—Regulations Relating to Internet Security."

In addition, on June 10, 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law (《數據安全法》), which took effect on September 1, 2021. The Data Security Law provides for a data security review procedure for the data activities that affect or may affect national security. It also imposes data security obligations on persons and entities conducting data processing activities and requires data handlers to take necessary measures to protect data security. The Data Security Law also requires protection of important data, but the scope of important data is still under development and may be further clarified by various PRC governmental authorities by way of issuing ministry-level measures, regulatory guidelines and/or national standards. As the scope of important data may be quite broad and non-exhaustive, there can be no assurance that we do not process any important data in future as and when the applicable laws and regulations change. If we were found by relevant PRC governmental authorities as a handler of important data, complying with evolving laws and regulations could cause us to incur substantial costs, or require us to change our business practices or affect our growth momentum.

On August 20, 2021, the Standing Committee of the National People's Congress promulgated the Personal Information Protection Law (《個人信息保護法》), which took effect on November 1, 2021. Although it is our policy to only access user information that is relevant to the services provided and we update our privacy policies and practices in accordance with regulatory developments, we may be required to make further adjustments to our data practices as the subordinated rules are under development.

The data privacy laws and regulations also impose penalties and liability on personal information handlers for non-compliant information collection and processing activities, including correction, suspension or termination of their services, confiscation of illegal income, as well as significant fines of up to 5% of revenue and other penalties. PRC regulatory authorities have also put forward regular inspections and reporting on the compliance of mobile apps, mini-programs, software development kits and other applications. We believe that our business operations are compliant with the currently effective PRC laws relating to cybersecurity, privacy and data protection in all material respects. Nevertheless, the interpretation and implementation of these laws and regulations are evolving, and we may be required to continuously adjust and upgrade our applications. Failure to do so may subject us to fines, administrative proceedings or other penalties, and materially and adversely impact our business, reputation, financial condition and results of operations.

PRC regulatory authorities have also enhanced their regulation on algorithm recommendation services. According to the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》) ("**Algorithm Recommendation Provisions**"), which came into effect on March 1, 2022, algorithm recommendation service providers shall clearly inform users of their provision of algorithm recommendation services, and make public the basic principles, purposes and main operating mechanisms of the algorithm recommendation services, and shall also ensure that users may conveniently terminate the algorithm recommendation services. Moreover, algorithm recommendation service providers selling goods or providing services to consumers shall protect consumers' rights of fair trade, and are prohibited from carrying out illegal conduct such as unreasonable differentiated treatment based on consumers' preferences, purchase behavior, or such other characteristics. For other algorithm related rules, See "Regulatory Overview—Regulations Relating to Internet Security."

On December 28, 2021, the Cyberspace Administration of China, or the CAC, and 12 other PRC governmental authorities published an amendment of the Measures for Cybersecurity Review (《網絡安全審查辦法》) previously released in 2020, or the Measures for Cybersecurity Review 2022, which took effect on February 15, 2022. The Measures for Cybersecurity Review 2022 provides that the relevant operators shall apply with the Cybersecurity Review Office of the CAC for a cybersecurity review under the following circumstances: (i) Internet platform operators holding over one million individuals' personal information aiming for foreign [**REDACTED**] (excluding Hong Kong [**REDACTED**]); (ii) operators of "critical information infrastructure" purchasing Internet products and services that affects or may affect national security; and (iii) Internet platform operators carrying out data processing that affects or may affect national security. However, there is not any further explanation or interpretation for "affect or may affect national security" under the Measures for Cybersecurity Review 2022. However, in light of the Measures for Cybersecurity Review 2022, there can be no assurance that our data processing activities will not be found by relevant PRC governmental authorities as "affecting national security" and the PRC governmental authorities may have wide discretion in the interpretation and enforcement of the laws and regulations. As of the Latest Practicable Date, we have not received any inquiry, notice, warning or sanction regarding cybersecurity from any PRC governmental authorities nor been involved in any investigations on cybersecurity review made by any PRC governmental authorities. Based on the phone consultation on December 8, 2023 with the China Cybersecurity Review, Certification and Market Regulation Big Data Center, we were advised that the Company is not required to file an application for cybersecurity review under Article 7 of the Measures for Cybersecurity Review 2022 with respect to the [**REDACTED**].

New laws or regulations concerning cybersecurity and data privacy, or the interpretation and implementation of existing cybersecurity and data privacy laws or regulations may be announced, published for public consultations, issued, or promulgated from time to time. For example, on November 14, 2021, the CAC published a draft of the Administrative Regulations for Internet Data Security (《網絡數據安全管理條例(徵求意見稿)》), or the Draft Internet Data Security Regulations for public comments. The Draft Internet Data Security Regulations provide that data processors conducting the following activities must apply for cybersecurity review: (i) merger, re-organization, or division of Internet platform operators that have acquired a large number of data resources related to national security, economic development, or public interests, which affects or may affect national security; (ii) a [**REDACTED**] in a foreign country by a data processor processing over one million users' personal information; (iii) a [**REDACTED**] in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. There has been no further clarifications from PRC governmental authorities as of the Latest Practicable Date as to the standards for determining such activities that "affect or may affect national security". The period for which the CAC solicited comments on this draft ended on December 13, 2021, but there is no timetable as to when these measures will be enacted. As such, substantial uncertainties exist with respect to the enactment timetable, final content, interpretation, and implementation of the measures, including the standards for determining whether a [**REDACTED**] in Hong Kong "affects or may affect national security". The Draft Internet Data Security Regulations if enacted as proposed, may materially impact our capital raising activities. If our proposed [**REDACTED**] in Hong Kong is considered as a [**REDACTED**] that affects or may affect national security, we may be required to go through cybersecurity review, but there can be no assurance that we are able to obtain approval from the PRC governmental authorities in a timely manner, or at all. Any failure to obtain such approval or clearance from the PRC governmental authorities could materially constrain our liquidity and have a material adverse impact on our business operations and financial results, especially if we need additional capital or financing.

The interpretation and application of these PRC cybersecurity and data privacy laws and regulations are still evolving. It hence remains uncertain whether the future regulatory changes would impose additional compliance requirements on companies like us. It is uncertain when those draft measures will be finalized and take effect, how they will be enacted, interpreted, or implemented, and whether and how they will affect us. If we are not able to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, among other penalties, which could materially and adversely affect our business and results of operations. See "Regulatory Overview—Regulations Relating to Internet Security" and "Regulatory Overview – Regulations Relating to Data and Privacy Protection." Complying with evolving laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner that can materially increase our operating costs and expenses or affect our growth momentum, which could materially and adversely affect our business and results of operations.

Security breaches and attacks against our systems and network, and any potentially resulting breach or failure to otherwise protect personal, confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operation.

We collect, process and store in our systems business information relating to our transactions, our customers, our partner financial institutions, our partner manufacturers and merchants, and are subject to PRC laws and regulations regarding personal information protection, privacy and the protection of data. Therefore, we cannot assure you that third parties will not intrude our systems to obtain information related to our business. Such information may also be otherwise exposed through human error or other malfeasance. If any unauthorized access or compromise of relevant information happens, it could have an adverse effect on our business, financial condition and results of operation.

Our cybersecurity measures may not detect, prevent or control all attempts to compromise our systems or risks to our systems, including distributed denial-of-service attacks, viruses, Trojan horses, malicious software, break-ins, phishing attacks, third-party manipulation, security breaches, employee misconduct or negligence or other attacks, risks, data leakage and similar disruptions that may jeopardize the security of data stored in and transmitted by our systems or that we otherwise maintain. Moreover, if we fail to implement adequate encryption of data transmitted through the networks of the telecommunications and Internet operators we rely upon, there is a risk that telecommunications and Internet operators or their business partners may misappropriate our data. Cyber-attacks may target us, our customers, third-party service providers or other participants in our network, or the communication infrastructure on which we depend. Breaches or failures of our, our customers' or our third-party service providers' cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or denial-of-service or other interruptions to our business operations. If the security of domain names is compromised, we will be unable to use the domain names in our business operations.

We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving cyber-attacks. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us, there can be no assurance that we will be able to anticipate, or implement adequate measures to protect against, these attacks. We could also be subject to an attack, breach or leakage, which we do not discover at the time or the consequences of which are not apparent until a later point in time. Any actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants. Cyber-attacks and privacy or security breaches, whether or not related to our systems or attributable to us, could subject us to negative publicity, regulatory investigations and significant legal and financial liability, harm our reputation and result in substantial revenue loss.

We are subject to risks associated with other business parties with which we collaborate. If such other business parties fail to perform or provide reliable or satisfactory services, our business, financial condition and results of operations may be materially and adversely affected.

We collaborate with certain other business parties in providing our solutions and services. Such parties include our partner financial institutions, manufacturers, merchants, agricultural technology partners and other service providers such as logistics companies and contractors providing construction services for our PV projects. These parties may not be able or provide satisfactory products and services to us and/or our customers on commercially acceptable terms or at all. For example, our partner banks may not sufficiently or timely fund loans that we facilitate. Manufacturers and merchants may fail to provide high-quality agricultural inputs and equipment as well as consumer goods in reasonable prices. Any failure by these parties to continue with good business operations, comply with applicable laws and regulations or any negative publicity on these parties could damage our reputation, expose us to significant penalties and decrease our total operating incomes and profitability. Also, if we fail to retain existing or attract new quality parties to collaborate with, our ability to retain existing customers, engage prospective customers may be severely limited, which may have a material and adverse effect on our business, financial condition and results of operations. In addition, certain of these other parties that we collaborate with have access to our user data to a limited extent in order to provide their services. If these other parties engage in activities that are negligent, illegal or otherwise harmful to the trustworthiness and security of our products or system, including the leak or negligent use of data, or users are otherwise dissatisfied with their service quality, we could suffer reputational harm, even if these activities are not related to, attributable to or caused by us.

If we cannot continue to innovate to deliver new products and services, or the innovative products and services are not commercially viable, our reputation, business, financial condition and results of operations would be materially and adversely affected.

Our success depends on our ability to innovate and co-innovate with our business partners to deliver new products and services that identify and anticipate customer needs. We leverage our customer insights to identify and address customer needs in credit, agricultural production, rural consumer goods and services and rural clean energy services. We have been investing in AI, big data analytics capabilities, agricultural technology and technology infrastructure. In addition, in response to the pain points in China's agricultural market, such as scattered agricultural resources as well as a lack of scientific guidance on agricultural production, we have developed our agricultural production services to empower rural residents through agricultural technology. See "Business—Our Technology." However, the complex nature of our products and services, such as credit solutions and insurance products, may constrain the ability of our partner financial institutions and us to design new products and services that can sufficiently address the customer needs we have identified or are suitable for distribution on our platform. In addition, increased regulations may complicate, delay and increase the costs of innovating, marketing and distributing new products and services on our platform.

Even if we are able to innovate or co-innovate with our business partners, the new products and services we innovate or co-innovate with our business partner may not achieve sufficient market acceptance, or at all. In addition, given new products and services have limited history, we are only able to verify the reliability of our customer insights during such limited period and may lack sufficient historical information to contribute to the accurate pricing and risk management. As a result, we may not be effective in identifying appropriate products feature and pricing. If the foregoing were to occur, our business partners may be hesitant to continue to partner with us, and their willingness to accept the fee rate we charge will be affected. If our business partners increase the price as a result, our customers may be negatively affected, which could impact our reputation.

We experienced fluctuations in operation cash flow and may continue to experience fluctuations in the future.

Our rural inclusive credit services involves substantial operating cash outflows in its ordinary course of business. Our cash outflows in the form of loans to customers are classified as cash used in operating activities, while the corresponding inflows of capital are classified as cash generated from financing activities. In 2021, 2022 and the nine months ended September 30, 2022 and 2023, we recorded operating cash outflow of RMB1,793.1 million, operating cash inflow of RMB1,699.1 million, operating cash inflow of RMB1,392.2 million and operating cash inflow of RMB369.1 million, respectively. As we expect to continue to expand our business in the future, including our rural inclusive credit services which may contribute to cash outflows, we may continue to experience fluctuation in operating cash flow or report negative operating cash flows in the future.

Fluctuation in operating cash flow or negative operating cash flow may require us to obtain sufficient additional financing to meet our financing needs and obligations and support our expansion plans. We cannot assure you that we will have sufficient cash from other sources to fund our operations. In the event that we are unable to generate sufficient cash flow for our operations or otherwise obtain sufficient external funds to finance our business, our liquidity and financial condition may be materially and adversely affected.

We recorded net losses and net liabilities in the past, and we may incur losses in the future.

Primarily due to the fair value changes of our redeemable preferred shares, we recorded net losses and net liabilities in the past. See "Financial Information." We had loss of RMB36.4 million, RMB199.2 million and RMB275.1 million in 2021, 2022 and the nine months ended September 30, 2022, respectively. While we had net profit of RMB330.5 million in the nine months ended September 30, 2023, we cannot assure you that we will be able to continue maintaining our net profit position in the future. In addition, we recorded net liabilities of RMB310.7 million, RMB952.9 million and RMB758.0 million as of December 31, 2021, December 31, 2022 and September 30, 2023, respectively.

Our ability to achieve profitability depends in large part on our ability to attract new customers, retain existing customers, increase their engagement to our platform and scale our operation. We cannot assure you that our customer base will continue to increase. In addition, we intend to manage and control our costs and expenses as a proportion of our total revenue, but there can be no assurance that we will achieve this goal. In addition, our ability to achieve and sustain profitability is affected by various factors, some of which are beyond our control, such as changes in customer preferences, macroeconomic and regulatory environments or competitive dynamics in the industry. Accordingly, you should not rely on our financial results of any prior period as an indication of our future performance.

We may face risk regarding the recoverability of deferred tax assets.

As of December 31, 2021, 2022 and September 30, 2023, our deferred tax assets amounted to RMB81.3 million, RMB109.0 million and RMB119.1 million, respectively. Deferred tax assets are recognized for tax losses not yet used and temporary deductible differences. For details of the movements of our deferred tax assets during the Track Record Period, please see Note 19 to the Accountants' Report in Appendix I to this document. This requires significant judgment on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. In this context, we cannot guarantee the recoverability or predict the movement of our deferred tax assets. In the case that the value of the deferred tax assets has changed, we may have to write-down the deferred tax assets, which may significantly affect our expenditure, profit and loss and financial condition in that respective year.

Our business operations may be subject to seasonality.

Our results of operations for particular merchandise categories are affected by seasonal fluctuations in demand for the services and merchandise offered by us. Due to the seasonality of agricultural production activities, our agricultural production services generally receive a higher order volume of agricultural inputs and equipment in the fourth quarter of the previous year and first quarter of the year, which are then recognized as our revenue in the first quarter and second quarter of the year. As a result, we generally record a higher revenue for agricultural production services segment in the first quarter and second quarter of the year. In addition, many farmers obtain credits from us to fund their agricultural production activities, leading to active credit demands during the relevant periods. Therefore, while we generally record higher loan transaction volume for our rural inclusive credit services for the prior months leading to Chinese New Year holiday and less loan transaction volume during the Chinese New Year holiday season in the first quarter of the year, such differences is mitigated by the demands of agricultural production loans. Accordingly, various aspects of our operations, including sales, working capital and operating cash flow, may be exposed to the risks associated with seasonal fluctuations in demand for the services and merchandise offered by us, and our quarterly or half year results may not reflect our full year results.

If labor costs in the PRC increase substantially, our business and costs of operations may be adversely affected.

The Chinese economy has experienced inflation and labor cost increases in recent years. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for 2021 and 2022 were increases of 0.9% and 2.0%, respectively. Average wages are projected to continue to increase. Our staff cost increased from RMB771.0 million in 2021 to RMB899.2 million in 2022, and increased from RMB653.1 million in the nine months ended September 30, 2022 to RMB757.1 million in the same period in 2023. We expect that our labor costs, including wages and employee benefits, will continue to increase. If we are unable to control our labor costs or pass on these increased labor costs, our financial condition and results of operations may be adversely affected.

If we are unable to provide satisfactory customer services, our business and reputation may be materially and adversely affected.

The success of our business depends on our ability to provide reliable and satisfactory customer services in a timely manner. We adopt an omni-channel model that fully integrates online and offline operations. For example, our local operation teams maintain customer stickiness through continuous interactions with our customers. As of September 30, 2023, we had local operation teams of over 6,400 employees located across over 20 provincial-level regions in China. However, there is no guarantee that our local operation teams can provide satisfactory services to our customers. Our integrated online platform also helps us to effectively attract and retain customers. In addition, there is no assurance that our current turnover rate of local operation teams will not increase, or the training provided to new employees will be sufficient to meet our standards, or that an influx of less experienced personnel will not dilute the quality of our customer service. Additionally, there is also no assurance that we will be able to recruit employees that meet our requirements. If our local operation teams fail to provide satisfactory services to customers, our brand and customer loyalty may be adversely affected. Moreover, any negative publicity or feedback regarding our customer service may damage our reputation and in turn result in the loss of customers and market share.

We may not be able to maintain our culture, which has been a key to our success.

Since our founding, our culture has been defined by our mission, vision and values, and we believe that our culture has been critical to our success. In particular, our culture has helped us serve the long-term interests of our customers, attract, retain and motivate employees and create value for our customers, participants of our platform and our Shareholders. We face a number of challenges that may affect our ability to sustain our corporate culture, including:

- failure to identify, attract, promote and retain talents at all levels of our organization who share our culture, mission, vision and values;

- generational shift and attitude changes that could lead to a failure to maintain our culture, mission, vision and values;

- challenges of effectively incentivizing and motivating employees, including members of senior management;

- the increasing size, complexity, geographic coverage and cultural diversity of our business and workforce;

- challenges in managing a workforce that is expanding through both organic growth and acquisitions, in providing effective training to this workforce, and in promoting a culture of compliance with laws and regulations, maintaining our social responsibility and preventing misconduct among our employees and participants on our platform;

- competitive pressures to move in directions that may dilute our culture and divert us from our mission, vision and values;

- the pressure from the public markets to focus on short-term results instead of long-term value creation; and

- the increasing need to recruit new talents and develop more expertise in new areas of business, innovations and technology.

If we are not able to maintain our culture or if our culture fails to deliver the long-term results we expect to achieve, our reputation as a trusted institution, business, financial condition, results of operations and prospects could be materially and adversely affected.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, patents, domain names, copyrights, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on trademark and trade secret law and confidentiality, invention assignment and non-compete agreements with our employees and others to protect our proprietary rights. See "Regulatory Overview—Regulations Relating to Intellectual Property Rights." However, we cannot assure you that any of our intellectual property rights would not be challenged, invalidated or circumvented, or such intellectual property will be sufficient to provide us with competitive advantages. In addition, other parties may misappropriate our intellectual property rights, which would cause us to suffer economic or reputational damages. Because of the rapid pace of technological change, nor can we assure you that all of our proprietary technologies and similar intellectual property will be patented in a timely or cost-effective manner, or at all. Furthermore, parts of our business rely on technologies developed or licensed by other parties, and we may not be able to obtain or continue to obtain licenses and technologies from these other parties on reasonable terms, or at all.

Intellectual property protection may not be sufficient in the jurisdictions where we operate. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights. In addition, policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. To the extent that our employees or consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how, proprietary technologies or other intellectual property rights held by other parties. We may be from time to time in the future subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other parties' trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights that are infringed by our credit products or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in China or other jurisdictions. If any infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

Additionally, the application and interpretation of China's intellectual property right laws and the procedures and standards for granting trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights in China and other jurisdictions are still evolving, and we cannot assure you that the competent courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and results of operations may be materially and adversely affected.

We may be held liable for information displayed on, retrieved from or linked to our platform or created by us, which may adversely affect our business and results of operations.

Under our agricultural knowledge-sharing services and farming technology management services, we upload short videos on social media platforms to educate farmers of agricultural technologies and tips in agricultural production. In addition, our platform allows users to interact with external agricultural experts that collaborate with us to provide online consultation services. Under PRC law, we are required to monitor content, including content posted or distributed by our customers or available on our platform, for items or content deemed to be obscene, superstitious, defamatory, libelous, fraudulent or socially destabilizing, as well as for items, content or services that are illegal to sell online, and promptly take appropriate actions with respect to the relevant items. Sometimes, it is not apparent as to whether a piece of information involved any illegality, and it may be difficult to determine the type of content that may expose us to liabilities. Even though we implement measures to review the information posted on our platform in light of the relevant laws and regulations before they are published on our platform, such measures may not be effective and may still subject us to potential liabilities. For the information posted by users, we have implemented the terms of users for our platform through which users agree to take all responsibilities and legal consequences for the information they post on the platform; however, we cannot assure that all users will read through and strictly follow these terms and policies. Our burden to administer the content may be exacerbated as we gradually introduce more features and functions to our platform. If we are found to be liable, we may be subject to fines, have our relevant business operation licenses revoked, or be prevented from operating our websites or mobile interfaces in the PRC.

In November 2016, China promulgated the Cybersecurity Law, which came into effect on June 1, 2017, to protect cyberspace security and order. The Cybersecurity Law enhances protection of cybersecurity and sets forth various security protection obligations for network operators. If any of our Internet information were deemed by the PRC government to violate any regulations, we would not be able to continue to display such information and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations. We may also be subject to potential liability for any unlawful actions by users of the platform we operate or for information we distribute that is deemed inappropriate. It may be difficult to determine the type of information that may result in liability to us, and if we are found to be liable, we may be prevented from operating our website, mobile applications and social media accounts in China.

Furthermore, our reputation may be harmed and we may be subject to claims brought against us as a result of the information we provide. Agricultural professionals and farmers access information, including information regarding particular agricultural conditions and the use of particular technology, through our analysis support tools. If such information contains inaccuracies or any use or misuse of such information by agricultural professionals or farmers results in any production losses, we may be subject to claims brought against us by users for any damages caused by such inaccuracies or such use or misuse of the information on our platform. We could be required to spend significant amounts of time and money to defend ourselves against any such claims. We have editorial procedures in place to provide quality control of the information that we publish or provide. However, we cannot assure you that our editorial and other quality control procedures will be sufficient to ensure that there are no errors or omissions in particular information. If we fail to manage the information displayed on, retrieved from or linked to our platform or created by us, our business, financial condition and results of operation could be materially and adversely affected.

Our business and internal systems rely on software that is highly technical, and if it contains undetected errors, our business could be adversely affected.

Our business and internal systems rely on software that is highly technical and complex. In addition, our business and internal systems depend on the ability of such software to store, retrieve, process and manage large amounts of data. The software on which we rely has contained, and may now or in the future contain, undetected errors or bugs. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software on which we rely may result in a negative experience for users, delay introductions of new features or enhancements, result in errors or compromise our ability to protect user data or our intellectual property, or affect the accuracy of our operating data. Any errors, bugs or defects discovered in the software on which we rely could result in harm to our reputation, loss of users, liability for damages, any of which could adversely affect our business, financial condition and results of operations.

Any significant disruption in our information technology systems, including events beyond our control, could prevent us from offering our products, thereby reduce the attractiveness of our products and result in a loss of customers, merchants or partner financial institutions.

In the event of a system outage and physical data loss, our ability to provide credit products would be materially and adversely affected. The satisfactory performance, reliability and availability of our technology and our underlying network infrastructure are critical to our operations, user service, reputation and our ability to attract new and retain existing borrowers and partner financial institutions. Our information technology systems infrastructure is currently deployed and our data is currently maintained on cloud computing services in China. Our operations depend on our service providers' ability to protect its and our systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality issues, environmental conditions, computer viruses or attempts to harm our systems, criminal acts and similar events. While we have not experienced system outage since the launch of our online platform, we cannot assure you that such incidents will not occur in the future, especially during the holiday seasons. Moreover, if our arrangement with these service providers is terminated or if there is a lapse of service or damage to their facilities, we could experience interruptions in our service as well as delays and additional expense in arranging new credit for borrowers.

Any interruptions or delays in our service, whether as a result of third-party errors, our errors, natural disasters or security breaches, whether accidental or willful, could harm our relationships with customers, merchants, partner financial institutions and our reputation. Additionally, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. We also may not have sufficient capacity to recover all data and services in the event of an outage. These factors could prevent us from processing credit applications and other business operations, damage our brands and reputation, divert our employees' attention, reduce our revenue, subject us to liability and cause borrowers and partner financial institutions to abandon our credit products, any of which could adversely affect our business, financial condition and results of operations.

Our risk management and internal control systems may not be thorough or effective in all respects.

We seek to establish risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that are appropriate for our business operation; and we seek to continue improving these systems. For further information, see "Business—Risk Management and Internal Control". However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Additionally, our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

Our risk management and internal control measures also depend on their effective implementation by our employees. Due to the large size of our operation, we cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of products and services in the future, the diversification of our products and service offerings will require us to continue to enhance our risk management capabilities. If we fail to timely adapt our risk management policies and procedures to our changing business, our business, financial condition and results of operation could be materially and adversely affected.

Misconduct and errors by our employees and parties we collaborate with could harm our business and reputation.

We are exposed to many types of operational risks, including the risk of misconduct and errors by our employees and parties that we collaborate with. Our business depends on our employees and/or business partners to interact with customers, engage in credit assessment, process large numbers of transactions, deliver merchandise purchased by customers, providing user and after-sale product services and support the collection process, all of which involve the use and disclosure of personal information. We could be materially and adversely affected if transactions were redirected, misappropriated or otherwise improperly executed, if personal information was disclosed to unintended recipients or if an operational breakdown or failure in the processing of transactions occurred, whether as a result of human error, purposeful sabotage or fraudulent manipulation of our operations or systems. It is not always possible to identify and deter misconduct or errors by employees or business partners, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. If any of our employees or business partners take, convert or misuse funds, documents or data or fail to follow our rules and procedures when interacting with users, such as making sales in an improper or illegal manner, we could be liable for damages and subject to regulatory actions and penalties. Any future allegations of employee misconduct, whether perceived or actual, could materially and adversely affect our reputation and business. We could also be perceived to have facilitated or participated in the illegal misappropriation of funds, documents or data, or the failure to follow our rules and procedures, and therefore be subject to civil or criminal liability. Any of these occurrences could result in our diminished ability to operate our business, potential liability to users, inability to attract users, reputational damage, regulatory intervention and financial harm, which could negatively impact our business, financial condition and results of operations. For example, our local operation teams are critical for our business operations and engage in frequent in-person interactions with our customers. Errors or misconduct by them, such as failure to conduct adequate due diligence of potential borrowers, errors or misconduct in making credit assessment, conducting debt collection aggressively or even illegally, or promoting our goods and services illegally or in a manner that is in violation of our internal rules, could negatively impact our reputation, business and results of operations.

We face certain risks relating to the properties that we own, such as the failure to obtain the title documents and to comply with usage requirements, which may adversely affect our business.

As of the Latest Practicable Date, we owned certain properties in the PRC covering an aggregate gross floor area of approximately 19,413 square meters. Such owned properties are primarily used as offices and manufacturing spaces. We are subject to a variety of real property-related laws and regulations, such as property ownership and land use rights certificates, legal zoning and permissible usage. Furthermore, we must obtain requisite approvals, licenses and permits in carrying out construction projects on owned properties. Failures to comply with such laws, regulations and requirements may subject us to administrative fines or government orders. If we lose the ability to use our owned properties for their actual or intended purposes, or if we are unable to complete planned construction projects in a timely manner, we may not be able to find replacement properties in a timely manner and on commercially acceptable terms, or at all, which may cause disruptions in parts of our fertilizer products sales and materially and adversely affect our business and results of operations. During the Track Record Period and up to the Latest Practicable Date, we were not subject to material administrative fines or government orders in connection with the real properties we own. See "Business—Properties."

Defects in title and documentation related to certain of our leased properties may adversely affect our ability to use such properties.

Certain of our leased properties are defective for various reasons. For example, lessors of certain of our leased properties have not provided us with their property ownership certificates or other documentation proving their right to lease those properties. In addition, certain of our leased properties have not been registered with the relevant PRC government authorities and the current usage of certain of our leased properties are not in conformity with the permitted usages prescribed in the relevant title certificates. See "Business—Properties."

For leased properties for which the lessor has not provided title certificates or other ownership documents, we may be challenged by third parties, which may result in our leases being deemed invalid or unenforceable and we may be forced to vacate such leased properties, and we may not be able to find alternative properties suitable for our use in a timely manner and at a reasonable cost, or at all.

In case of failure to register or file a lease, the parties to the unregistered lease may be ordered to make rectifications (which would involve registering such leases with the relevant authority) before being subject to penalties. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority.

There is no assurance that we will not be subject to any future administrative penalties for such non-compliance in respect of premises for which we do not have a completed record, and if we are penalized, our business, results of operations and financial condition may be adversely affected.

Any failure by us, partner financial institutions or payment processors to comply with applicable anti-money laundering and anti-terrorist financing laws and regulations could damage our reputation, expose us to significant penalties, and decrease our revenues and profitability.

We have implemented various policies and procedures in compliance with all applicable anti-money laundering and anti-terrorist financing laws and regulations, including internal controls and "know-your-customer" procedures, for preventing money laundering and terrorist financing. In addition, we rely on our partner financial institutions and payment processors, in particular online payment companies that handle the transfer of funds from partner financial institutions to us and the borrowers, to have their own appropriate anti-money laundering policies and procedures. Certain of our partner financial institutions and online payment companies are subject to anti-money laundering obligations under applicable anti-money laundering laws and regulations and are regulated in that respect by the PBOC. We have adopted commercially reasonable procedures for monitoring our partner financial institutions and payment processors.

We have not been subject to fines or other penalties, or suffered business or other reputational harm, as a result of actual or alleged money laundering or terrorist financing activities in the past. However, our policies and procedures may not be completely effective in preventing other parties from using us, any of our partner financial institutions, or payment processors as a conduit for money laundering (including illegal cash operations) or terrorist financing without our knowledge. If we were to be associated with money laundering (including illegal cash operations) or terrorist financing, our reputation could suffer and we could become subject to regulatory fines, sanctions, or legal enforcement, including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with us, all of which could have a material adverse effect on our financial condition and results of operations. Even if we, our partner financial institutions and payment processors comply with the applicable anti-money laundering laws and regulations, we, partner financial institutions and payment processors may not be able to fully eliminate money laundering and other illegal or improper activities in light of the complexity and the secrecy of these activities. Any negative perception of the industry, such as that arises from any failure of other online credit providers to detect or prevent money laundering activities, even if factually incorrect or based on isolated incidents, could compromise our image, undermine the trust and credibility we have established, and negatively impact our financial condition and results of operation.

The Guidelines on Promoting the Sound Development of Internet Finance (《關於促進互聯網金融健康發展的指導意見》), or the Internet Finance Guidelines purport, among other things, to require Internet finance service providers to comply with certain anti-money laundering requirements, including the establishment of a customer identification program, the monitoring and reporting of suspicious transactions, the preservation of customer information and transaction records, and the provision of assistance to the public security department and judicial authority in investigations and proceedings in relation to anti-money laundering matters. The PBOC has implemented rules to further specify the anti-money laundering obligations of Internet finance service providers. The Administrative Measures for Anti-Money Laundering and Counter-Terrorism Financing by Internet Financial Service Agencies (Trial) (《互聯網金融從業機構反洗錢和反恐怖融資管理辦法(試行)》) was jointly promulgated by the PBOC, the CBIRC and the CSRC and came into effect on January 1, 2019. It specifies the anti-money laundering obligations of Internet finance service agencies and requires that the Internet finance service agencies to (i) adopt continuous customer identification measures; (ii) implement the system for reporting large-value or suspicious transactions; (iii) conduct real-time monitoring of the lists of listed terrorist organizations and terrorists; and (iv) properly keep the information, data and materials such as customer identification and suspicious transaction reports. We cannot assure you that the anti-money laundering policies and procedures we have adopted will be deemed to be in compliance with applicable anti-money laundering implementing rules if and when adopted.

We are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, financial condition and results of operations.

Our future performance depends heavily on the continued services and contribution of our senior management and other key employees, who are expected to oversee and execute our business plans, and to identify and pursue new opportunities as well as monitor business and merchandise innovations. In particular, we rely on the expertise and experience of Dr. Liu Dongwen, our CEO and Chairman of the board. If one or more of our senior management were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all, and our business, financial condition and results of operation may be materially and adversely affected. If any of our senior management joins a competitor or forms a competing business, we may lose customers, funding providers, partner financial institutions, partner manufacturers and merchants, know-how and key professionals and staff members. The absence of our other key employees can also significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and results of operation. From time to time, there may be changes in our senior management team, resulting from the hiring or departure of top executives, which could also disrupt our business. Hiring suitable replacements and integrating them with our business also require significant amount of time, training and resources, and may impact our existing corporate culture. For more information on our key management and employees, see "Business" and "Directors and Senior Management" in this document.

If we are unable to attract, retain and motivate qualified personnel, while at the same time controlling labor cost, our business may be adversely affected.

Our future success depends, in part, on our ability to attract and retain professional personnel that meet our needs. For example, if there is a significant turnover in our existing local operations team, this could impact the efficiency of our business operation. Meanwhile, the inability to attract or retain qualified personnel may cause significant harm to our business, financial condition and results of operation. As a result, our ability to continually attract and retain professional employees who meet our needs in relevant positions, especially those employees with extensive experience in technology, operations, management, sales and service, could be critical to the success of our business development. Further, if we are unable to locate suitable or qualified employees in a timely manner, or incur additional expenses to recruit and train new staff, it could severely disrupt our business and growth, and thereby adversely affect our business, financial condition, and results of operation.

In addition, our ability to maintain and improve our current profitability depends on whether we can control our operating costs, including labor costs, while attracting and retaining qualified personnel in the course of our expansion. We cannot assure you that we will be able to control our labor cost to maintain and improve our profitability. Nevertheless, even if we were to offer higher compensation and other benefits, we cannot assure you that these individuals would choose to join or continue working for us. If we fail to attract or retain personnel with suitable managerial or other expertise, to maintain an adequate labor force on a continuous and sustained basis, or to control our labor costs while doing so, our financial condition and results of operation could be materially and adversely affected.

Legal proceedings against us could harm our reputation and have a material and adverse effect on our business, financial condition, results of operations and prospects.

We have been and may from time to time be involved in litigation and other disputes in the ordinary course of our business, which include lawsuits, arbitration, regulatory proceedings and labor-related and other disputes. Along with the growth and expansion of our business, we may be involved in litigation, regulatory proceedings and other disputes arising outside of the ordinary course of our business, including those brought against us pursuant to anti-monopoly or unfair competitions laws or involving higher amounts of alleged damages. Such litigation and disputes may result in claims for actual damages, freezing of our assets and diversion of our management's attention, as well as legal proceedings against our Directors, officers or employees. The probability and amount of liability, if any, may remain unknown for long periods of time. Given the uncertainty, complexity and scope of many of these litigation matters, their outcome generally cannot be predicted with any reasonable degree of certainty. As a result, any unfavorable final resolution of pending litigation matters, including substantial liabilities arising from lawsuit judgments, could have a material and adverse effect on our business, results of operations and financial condition. Moreover, even if we eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational damage, which could have a material and adverse effect on our prospects and future growth, including our ability to attract new customers and merchants, retain existing customers and merchants, expand our cooperation with existing or new business partners and recruit and retain employees and agents.

In addition, as the interpretation and implementation of the labor laws and regulations in the PRC are still evolving, there can be no assurance that our employment practices will at all times be deemed in full compliance with labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected. Our success depends, in part, on our ability to anticipate these risks and manage these difficulties, and the failure to do so could have a material adverse effect on our brand, reputation, business, operating results and/or financial condition.

We are subject to payment processing related risks.

We settle payments with our customers in a variety of methods, including online payments with debit cards issued by major banks in China, and payment through third-party online payment platforms such as Alipay and WeChat Pay. For certain payment methods, including debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profitability.

We rely on payment processing service providers to provide payment processing services to our customers, which may subject us to payment collection issues beyond our control, or even fraud and other illegal activities in connection with these payment methods. Interruption in the ability of our customers to use these payment channels could adversely affect our payment collection, and in turn, our revenue.

We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers, which could make it difficult for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept debit card payments from consumers, process electronic funds transfers or facilitate other types of online payments, and our business, financial condition and results of operations could be materially and adversely affected.

Our operations depend on the performance of the Internet infrastructure and telecommunications networks.

Our business depends on the performance and reliability of the Internet infrastructure in China. The satisfactory performance, availability and reliability of our websites and mobile app depend on telecommunications operators and other third-party providers for communications and storage capacity, including bandwidth and server storage, among other things. If we are unable to enter into and renew agreements with these providers on acceptable terms, if any of our existing agreements with such providers are terminated as a result of our breach or otherwise, or if these providers experience problems with the functionality and effectiveness of their systems or platforms, our ability to provide our services to our customers could be adversely affected. The failure of telecommunications operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our websites and mobile app. Frequent interruptions could frustrate customers and discourage them from purchasing our products, which could cause us to lose customers and harm our operating results.

Additionally, we have no control over the costs of the services provided by the telecommunications operators. If the prices that we pay for telecommunications and Internet services rise significantly, our results of operations could be adversely affected. In addition, if Internet access fees or other charges to Internet users increase, our user traffic may decrease, which in turn may significantly decrease our revenues.

We may not have sufficient insurance coverage to cover our business risks.

We have obtained insurance to cover certain potential risks and liabilities, such as property damage, employer's liability insurance, group personal accident insurance, commercial crime insurance as well as directors and officers liability insurance. We do not maintain loss of profit insurance and public liabilities. However, insurance companies may offer limited business insurance products or we may not be able to obtain such insurance on favorable terms. As a result, we may not be able to acquire any insurance for all types of risks we face in our operations, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. We do not maintain key-man life insurance. This potentially insufficient coverage could expose us to potential claims and losses. Any business disruption, litigation, regulatory action, outbreak of epidemic disease, adverse weather conditions or natural disasters could also expose us to substantial costs and diversion of resources. There can be no assurance 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 policy 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 face risks related to health epidemics and other outbreaks, such as the outbreak of COVID-19, as well as natural disasters, which could significantly disrupt our operations and adversely affect our business, financial condition or results of operation.

We face risks related to health epidemics and other outbreaks, such as the outbreak of COVID-19, as well as natural disasters, which could significantly disrupt our operations and adversely affect our business, financial condition or results of operation. In addition to the impact of COVID-19, our business could be adversely affected by the effects of Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Our business operations could be disrupted if any of our employees is suspected of having Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, SARS, COVID-19 or other epidemics, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations and financial performance could be adversely affected to the extent that any of these epidemics harms the Chinese economy in general.

Due to the COVID-19 pandemic, we experienced certain disruptions in parts of our services. We are also vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or Internet failures, which could suspend our local operation, adversely affect our customers' demand for the products and services we provide and our ability to provide products and services on our platform and through offline networks.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC government finds that the agreements that establish the structure for operating our operations in China do not comply with applicable PRC laws and regulations, or if these laws and regulations or the interpretation of existing laws and regulations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and being forced to relinquish our interests in those operations.

Foreign ownership in entities that provide certain businesses, including the value-added telecommunication services and insurance agency services, is subject to restrictions or qualification requirements under current PRC laws and regulations, unless certain exceptions are available. We are a company incorporated in the Cayman Islands and our PRC subsidiaries are considered foreign-invested enterprises. Accordingly, under PRC laws and regulations, we and our PRC subsidiaries are not eligible to provide Internet information services and other value-added telecommunication business subject to foreign ownership restriction or engage in the insurance agency business due to qualification requirements for foreign investors. To ensure compliance with the PRC laws and regulations, we conduct certain of our business lines in China through our Consolidated Affiliated Entities incorporated in China. We have entered into contractual arrangements with Beijing Xiangzhu and its shareholders, through which we obtain effective control over Beijing Xiangzhu and substantially all of the economic benefits arising from Beijing Xiangzhu and are able to consolidate the financial results of Beijing Xiangzhu in our results of operations. See "Contractual Arrangements."

Although the structure we have adopted is consistent with longstanding industry practice, and is commonly adopted by comparable companies in China, the PRC regulatory authorities may not agree that these arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. In the opinion of our PRC Legal Adviser, based on its understanding of the relevant PRC laws and regulations, the ownership structures of Chongho Bridge Group Limited and our Consolidated Affiliated Entities do not violate any applicable PRC law currently in effect, and the Contractual Arrangements among Chongho Bridge Group Limited, Beijing Xiangzhu and its shareholders are valid, binding and enforceable in accordance with its terms under applicable PRC laws and regulations currently in effect. Our PRC Legal Adviser has also advised that there are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws, rules and regulations. Accordingly, the possibility that the PRC regulatory authorities and PRC courts may in the future take a view that is contrary to the opinion of our PRC Legal Adviser cannot be ruled out. In addition, such laws, rules and regulations could change or be interpreted differently in the future.

The relevant PRC regulatory authorities have discretion in determining whether a particular contractual structure violates PRC laws, rules and regulations. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to the opinion of our PRC Legal Adviser. If we are found in violation of any PRC laws, rules or regulations or if the Contractual Arrangements among our wholly foreign-owned PRC subsidiary, Beijing

Xiangzhu and its shareholders are determined as illegal or invalid by any PRC court, arbitral tribunal or regulatory authorities, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoke the agreements constituting the Contractual Arrangements;
- revoke our business and operating licenses;
- require us to discontinue or restrict operations;
- restrict our right to collect revenue;
- restrict or prohibit our use of the [**REDACTED**] from our [**REDACTED**] to fund our business and operations in China;
- shut down all or part of our websites or services;
- levy fines on us and/or confiscate the [**REDACTED**] that they deem to have been obtained through non-compliant operations;
- require us to restructure the operations in such a way as to compel us to establish a new enterprise, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- impose additional conditions or requirements with which we may not be able to comply; or
- take other regulatory or enforcement actions that could be harmful to our business.

Furthermore, any of the assets under the name of any record holder of equity interest in Beijing Xiangzhu, including such equity interest, may be put under court custody in connection with litigation, arbitration or other judicial or dispute resolution proceedings against that record holder. We cannot be certain that the equity interest will be disposed of in accordance with the Contractual Arrangements. In addition, new PRC laws, rules and regulations may be introduced to impose additional requirements that may impose additional challenges to our corporate structure and Contractual Arrangements. The occurrence of any of these events or the imposition of any of these penalties may result in a material and adverse effect on our ability to conduct Internet-related businesses. In addition, if the imposition of any of these penalties causes us to be unable to direct the activities of our Consolidated Affiliated Entities or the right to receive its economic benefits, we would no longer be able to consolidate our Consolidated Affiliated Entities into our financial statements, which could materially and adversely affect our financial condition and results of operations. In this case, we may also face the risk that the Stock Exchange may consider our Company to be no longer suitable for [**REDACTED**] and consequently delist our Shares.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership.

We operate a part of our businesses in China through our Consolidated Affiliated Entities, in which we have no ownership interest and rely on the Contractual Arrangements with Beijing Xiangzhu and its shareholders to control and operate these businesses. A portion of our revenue and cash flow from our business is attributed to our Consolidated Affiliated Entities. The Contractual Arrangements may not be as effective as direct ownership in providing us with control over our Consolidated Affiliated Entities. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of Consolidated Affiliated Entities, which, in turn, could effect changes, subject to any applicable fiduciary obligations at the management level. However, under the Contractual Arrangements, as a legal matter, if Beijing Xiangzhu and/or its shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to (i) incur substantial costs, (ii) expend significant resources to enforce those arrangements, and (iii) resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. In the event we are unable to enforce the Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities and may lose control over the assets owned by our Consolidated Affiliated Entities. As a result, we may be unable to consolidate our Consolidated Affiliated Entities in our consolidated financial statements, which could materially and adversely affect our financial condition and results of operations.

***Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could negatively affect our financial condition and the value of your* [REDACTED].**

The tax regime and practices in China are evolving, and PRC tax laws may be interpreted in different ways. The PRC tax authorities may assert that we or our wholly foreign-owned PRC subsidiary or Beijing Xiangzhu or its shareholders owe and/or are required to pay additional taxes on previous or future revenue or income. In particular, under applicable PRC laws, rules and regulations, arrangements and transactions among related parties, such as the Contractual Arrangements with Beijing Xiangzhu, may be subject to audit or challenge by the PRC tax authorities. If the PRC tax authorities determine that any Contractual Arrangements were not entered into on an arm's length basis and therefore constitute a favorable transfer pricing, the PRC tax liabilities on wholly foreign-owned PRC subsidiary and/or Beijing Xiangzhu and/or equity holders of Beijing Xiangzhu could be increased, which could increase our overall tax liabilities. In addition, the PRC tax authorities may impose late payment interest. Our profit may be materially reduced if our tax liabilities increase.

Our current corporate structure and business operations may be affected by the Foreign Investment Law.

The control structure through contractual arrangements has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. The MOFCOM published the Foreign Investment Law (《外國投資法》) (2015 Draft) in January 2015, according to which, variable interest entities that are controlled via contractual arrangements would also be deemed as foreign-invested entities, if they are ultimately "controlled" by foreign investors. On March 15, 2019, the SCNPC promulgated the Foreign Investment Law (2019) (《中華人民共和國外商投資法》), and on December 26, 2019, the State Council promulgated the Implementing Rules of Foreign Investment Law (《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 (2019). The Foreign Investment Law (2019) and the Implementing Rules both became effective from January 1, 2020 and replaced the major previous laws and regulations governing foreign investments in the PRC.

The Foreign Investment Law (2019) has a catch-all provision under definition of "foreign investment" that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or the State Council. In particular, there can be no assurance that the concept of "control" as reflected in the Foreign Investment Law (《外國投資法》) (2015 Draft), will not be reintroduced, or that the control structure adopted by us will not be deemed as a method of foreign investment by other laws, regulations and rules.

The Foreign Investment Law (2019) and the Implementing Rules grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either "restricted" or "prohibited" from foreign investment in the Special Administrative Measures (Negative List) for Foreign Investment Access jointly promulgated by MOFCOM and the NDRC and took effect in January 1, 2022. The Foreign Investment Law provides that foreign-invested entities are not allowed to operate in "prohibited" industries and their operating in "restricted" industries shall satisfy certain conditions and will require market entry clearance and other approvals from relevant PRC government authorities. On December 26, 2019, the Supreme People's Court issued the Interpretations on Certain Issues Regarding the Applicable of Foreign Investment Law (《最高人民法院關於適用<中華人民共和國外商投資法>若干問題的解釋》), or the FIL Interpretations, which came into effect on January 1, 2020. In accordance with the FIL Interpretations, any claim to invalidate an investment agreement will be supported by courts if such agreement is found to be entered into for purposes of making investments in the "prohibited industries" under the negative list or for purposes of investing in "restricted industries" while failing to satisfy the conditions set out in the negative list. If our control over our Consolidated Affiliated Entities through Contractual Arrangements is deemed as foreign investment in the future, and any business of our Consolidated Affiliated Entities is "restricted" or "prohibited" from foreign investment under the "negative list" effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the Contractual Arrangements that allow us to have control over the relevant Consolidated Affiliated Entities may be deemed as invalid and illegal, and we may be required to unwind such Contractual Arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operations.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to the Contractual Arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

Any failure by Beijing Xiangzhu or its shareholders to perform their obligations under our Contractual Arrangements with them would have a material adverse effect on our business.

If Beijing Xiangzhu or its shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. For example, if the shareholders of Beijing Xiangzhu were to refuse to transfer their equity interests in Beijing Xiangzhu to us or our designee if we exercise the purchase option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our Contractual Arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Results of legal proceedings could limit our ability to enforce the Contractual Arrangements. See "—Risks Relating to Doing Business in China—While this may also apply to other jurisdictions, the interpretation and enforcement of PRC laws, rules and regulations involve inherent uncertainties." In addition, under PRC law, although rulings by arbitrators are final, if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only resort to PRC courts for enforcement of the arbitration awards through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce the Contractual Arrangements, or if we suffer significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be adversely affected.

In addition, the shareholders of Beijing Xiangzhu may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in Beijing Xiangzhu and the validity or enforceability of our Contractual Arrangements with Beijing Xiangzhu and its shareholders. For example, in the event that any of the shareholders of Beijing Xiangzhu divorces his or her spouse, the spouse may claim that the equity interest of Beijing Xiangzhu held by such shareholder is part of their community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who is not subject to obligations under our Contractual Arrangements, which could result in a loss of the effective control over our Consolidated Affiliated Entities by us. Similarly, if any of the equity interests of Beijing Xiangzhu is inherited by a third party with whom the current Contractual Arrangements are not binding, we could lose our control over our Consolidated Affiliated Entities or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by our Consolidated Affiliated Entities, which could severely disrupt our business, render us unable to conduct some or all of our business operations and constrain our growth.

Our Consolidated Affiliated Entities contributes a portion of our revenues, and hold a part of our operational assets and licenses, approvals and assets that are necessary for the operation of our business. The Contractual Arrangements contain terms that specifically obligate the equity holders of Beijing Xiangzhu to ensure the valid existence of Beijing Xiangzhu and its subsidiary and restrict the disposition of material assets or any equity interest of Beijing Xiangzhu and/or its subsidiary. However, in the event the equity holders of Beijing Xiangzhu breach the terms of the Contractual Arrangements and voluntarily liquidate our Beijing Xiangzhu, or Beijing Xiangzhu or its subsidiary declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to operate some or all of our business or otherwise benefit from the assets held by Beijing Xiangzhu, including its equity interest in Beijing Little Whale, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, if any of our Consolidated Affiliated Entities undergoes a voluntary or involuntary liquidation proceeding, its equity holders or unrelated third-party creditors may claim rights to some or all of the assets of the relevant Consolidated Affiliated Entity, thereby hindering our ability to operate our business as well as constraining our growth.

The registered shareholders of Beijing Xiangzhu may have potential conflicts of interest with us.

The registered shareholders of Beijing Xiangzhu may have actual or potential conflicts of interest with us. These registered shareholders may breach, or cause Beijing Xiangzhu to breach, or refuse to renew, the Contractual Arrangements we have with them and Beijing Xiangzhu, which would have a material and adverse effect on our ability to effectively control our Consolidated Affiliated Entities and receive economic benefits from them. For example, the registered shareholders may be able to cause our agreements with Beijing Xiangzhu to be performed in a manner adverse to us by, among other things, failing to remit payments due under the Contractual Arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except the voting proxy agreements we entered into with Beijing Xiangzhu Shareholders. See "Contractual Arrangements" for details. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. The shareholders of Beijing Xiangzhu have executed the voting proxy agreement and power of attorney to appoint the relevant wholly-foreign-owned PRC subsidiary or a natural person designated by the relevant wholly-foreign-owned PRC subsidiary to exercise all of its rights and powers as a shareholder of Beijing Xiangzhu. If we cannot resolve any conflict of interest or dispute between us and the shareholders of Beijing Xiangzhu, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

We do not have any insurance which covers the risks relating to the Contractual Arrangements and the transactions contemplated thereunder.

Our insurance does not cover the risks relating to the Contractual Arrangements and the transactions contemplated thereunder, and we have no intention to purchase any new insurance in this regard. If any risk arises from the Contractual Arrangements in the future, such as those affecting the enforceability of the contracts among our wholly-foreign-owned PRC subsidiary, Beijing Xiangzhu and its registered shareholders, our financial condition and results of operations may be adversely affected.

RISKS RELATING TO DOING BUSINESS IN CHINA

While this may also apply to other jurisdictions, the interpretation and enforcement of PRC laws, rules and regulations involve inherent uncertainties.

Substantially all of our operations are conducted in the PRC, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries and Consolidated Affiliated Entities are subject to laws, rules and regulations applicable to foreign investment in China.

Over the past decades, the PRC has continued to develop and enhance the laws and regulations applicable to foreign investment, corporate governance, taxes, trade and other economic matters in China, and such laws and regulations will continue to evolve in accordance with the overall economic and social developments. We cannot assure you that our business operations would be deemed to comply with any existing or future PRC laws or regulations at all times, and non-compliance with relevant laws and regulations may materially and adversely affect our business, financial conditions and results of operations.

Any administrative and court proceedings may result in substantial costs and diversion of resources and management attention. As administrative and court authorities are bound to interpret and enforce statutory and contractual terms, they will need to exercise certain discretion, and it is possible that the PRC administrative and court authorities would not interpret and enforce the statutory and contractual terms in a manner favorable to us, and it may be difficult to accurately assess our rights and obligations under such statutory laws and regulations or predict the outcome of any administrative and court proceedings we may face thereunder.

We are subject to the regulation and supervision of various governmental agencies in China, and to fulfill their respective regulatory responsibilities, they may set new requirements or standards on various aspects of our operations, as well as conduct regulatory investigations, initiatives or other actions, which could in turn significantly influence our operations, and our ability to obtain external financing through the issuance of equity securities overseas, and as a result, the trading prices of our Shares could significantly decline or become worthless.

Regulations regarding acquisitions impose significant regulatory approval and review requirements, which could make it more difficult for us to pursue growth through acquisitions and subject us to fines or other administrative penalties.

Under the PRC Anti-monopoly Law, companies undertaking certain investments and acquisitions relating to businesses in China must notify and obtain approval from the SAMR, before completing any transaction where the parties' revenues in China exceed certain thresholds and the buyer would obtain control of, or decisive influence over, the other party or any transaction that would otherwise trigger merger control filing obligations. In addition, we need to notify other PRC regulatory authorities if the investment or acquisition is in certain industries. The SAMR, the CAC and other regulatory agencies in China are enhancing merger control review in key areas, including national interest and people's livelihood, finance, technology and media. On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the State Taxation Administration (the "STA"), the SAIC, the CSRC, and the SAFE, jointly adopted the M&A Rules, which came into effect on September 8, 2006 and were amended on June 22, 2009. Under the M&A Rules, the approval of MOFCOM must be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire domestic companies affiliated with PRC enterprises or residents. Applicable PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review.

Under the currently effective PRC Anti-monopoly Law, due to the level of our revenues, our proposed acquisition of control of, or decisive influence over, any company with revenues within China of more than RMB800 million in the year prior to any proposed acquisition, would be subject to SAMR merger control review. In addition, a proposed transaction would be subject to SAMR merger control review if we have joint control of or joint decisive influence over any company with another party and where such other party has revenues within China of more than RMB800 million in the year prior to such transaction. Some of the transactions we may undertake could be subject to SAMR merger review. Under the PRC Anti-monopoly Law, we may also be required to make divestitures or be subject to limitations on our business practices and other administrative penalties if regulators determine that we have failed to obtain the required approvals in relation to investments and acquisitions, which could materially and adversely affect our business operations and financial results as well as the trading prices of our Shares.

The Provisions of the State Council on the Thresholds for Filing of Concentration of Undertakings (《國務院關於經營者集中申報標準的規定》) most recently amended by the State Council on January 22, 2024 significantly raise the filing thresholds with respect to revenue. Uncertainties exist with respect to interpretation and implementation of such amended provisions. The amended PRC Anti-monopoly Law, which became effective on August 1, 2022, significantly raises the maximum fines for failure to file for merger control review, and introduces a "stop-clock mechanism" which may prolong the merger control review process. Furthermore, the Provisions on the Review of Concentration of Undertakings, which came into effect on April 15, 2023, provide detailed rules on how to implement the "stop-clock mechanism," which allow the SAMR to suspend the calculation of time period for merger control review under various circumstances. See "Regulatory Overview—Regulations Relating to Unfair Competition and Monopoly." Complying with the requirements of the relevant regulations to complete these transactions could be time-consuming, and any required approval processes, including approval from SAMR, may be subject to discretion of regulators and could delay or inhibit our ability to complete these transactions, which could affect our ability to expand our business, maintain our market share or otherwise achieve the goals of our acquisition strategy.

According to 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》) and five supporting guidelines (collectively, the "**Overseas Listing Trial Measures**"), which were promulgated by CSRC on February 17, 2023 and took effect on March 31, 2023, if a Chinese overseas listed company issues overseas listed securities to acquire assets, such issuance shall be subject to filing requirements. See "—The approval, filing or other requirements of the CSRC or other PRC government authorities is required in connection with this [**REDACTED**] under PRC law, and we cannot predict whether or for how long we will be able to obtain such approval or complete such filing." Accordingly, these regulations may restrict our ability to make investments, and may subject any proposed investments to additional delays as well as heightened scrutiny, including after the investments have been made.

Our investment and acquisition strategy is subject to these laws, rules and regulations. Complying with the requirements of these laws, rules and regulations could be time-consuming, and any required approval processes, from relevant regulatory authorities may affect our ability to complete such transactions, which could affect our ability to complete investments and acquisitions in the future in a timely manner or at all.

The approval, filing or other requirements of the CSRC or other PRC government authorities is required in connection with this* [REDACTED] *under PRC law, and we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.

PRC laws and regulations in relation to the share issuance and [**REDACTED**] of Chinese companies overseas have been evolving. As a result, we are required to make filings with or report to CSRC or other PRC regulatory authorities for our future capital raising activities. Any failure or perceived failure to make filing, report or comply with other applicable laws and regulations would have a material adverse effect on our future capital raising activities and result in negative publicity and legal proceedings or regulatory actions against us.

On July 6, 2021, the relevant PRC authorities issued the Opinions on Intensifying Crack Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), which called for strengthening the administration over illegal securities activities and enhancing the supervision on overseas [**REDACTED**] by Chinese companies. As a follow-up, on February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures, which took effect on March 31, 2023. The Overseas Listing Trial Measures clarify the scope of overseas [**REDACTED**] and [**REDACTED**] by Chinese domestic companies which are subject to the filing and reporting requirements thereunder. Pursuant to the Overseas Listing Trial Measures, a Chinese company that directly or indirectly [**REDACTED**] or lists its securities in an overseas market shall file with the CSRC within three business days after submitting [**REDACTED**] documents to the relevant regulator in the place of intended [**REDACTED**]. Failure to complete such filing may subject the Chinese company to an order of rectification, a warning or a fine between RMB1 million and RMB10 million, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. Pursuant to these regulations, a Chinese company applying for [**REDACTED**] abroad shall, among others, complete record filing procedures and report relevant information to the securities regulatory authority as required. Furthermore, with respect to the issuers with contractual arrangements, at a press conference held for these new regulations, officials from the CSRC clarified that the CSRC will seek opinions from relevant governmental authorities on the contractual arrangements in PRC and allow those issuers with contractual arrangements who are in compliance with relevant requirements to file its overseas [**REDACTED**] and [**REDACTED**] with the CSRC. The Overseas Listing Trial Measures have also imposed additional reporting obligations on listed companies upon the occurrence of certain circumstances, including but not limited to change of controlling interest and delisting. See "Regulatory Overview—Regulations Relating to M&A and Overseas Listings." The Overseas Listing Trial Measures have been recently promulgated and may continue to evolve. We cannot assure you that we could complete such filing with the CSRC in a timely manner or at all. We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. Any failure may restrict our ability to complete this [**REDACTED**] or any future issuance of [**REDACTED**] overseas, which could materially and adversely affect our business operations and financial results.

PRC regulatory authorities have also promulgated laws and regulations relating to cybersecurity review of Chinese companies [**REDACTED**] overseas. According to the Cybersecurity Review Measures, any network platform operator possessing over one million users' individual information must apply for cybersecurity review before [**REDACTED**] abroad, and the Draft Cyber Data Security Regulations, also set forth different scenarios where data processors are required to apply for cybersecurity review, including, among others, overseas [**REDACTED**] while processing over one million users' personal information, Hong Kong [**REDACTED**] that affects or may affect national security, and other data processing activities that affect or may affect national security. We may be required to apply for cybersecurity review in accordance with the Cybersecurity Review Measures or the Draft Cyber Data Security Regulations, if adopted, before conducting [**REDACTED**] and [**REDACTED**], as applicable. Failure to comply with these laws and regulations may subject us to penalties including fines, suspension of business and revocation of required licenses. These new and evolving regulatory requirements could significantly increase our regulatory compliance costs, and it is uncertain whether we can, or how long it will take us to, obtain the relevant approval or complete the relevant filings for any offshore [**REDACTED**], which would limit or hinder our ability to [**REDACTED**] or continue to [**REDACTED**] to [**REDACTED**]. Any uncertainties or negative publicity regarding such approval and filings could materially and adversely affect our business, prospects, reputation, and the [**REDACTED**] of our Shares.

In addition, on February 24, 2023, the CSRC and other PRC governmental authorities jointly issued the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Revised Confidentiality Provisions"), which took effect on March 31, 2023. According to the Revised Confidentiality Provisions, Chinese companies that directly or indirectly conduct overseas [**REDACTED**] and [**REDACTED**], shall strictly abide by the laws and regulations on confidentiality when providing or publicly disclosing, either directly or through their overseas listed entities, materials to securities service providers. In the event that such materials contain state secrets or working secrets of government agencies, companies shall first obtain approval from and file with relevant authorities. See "Regulatory Overview—Regulations Relating to M&A and Overseas Listings."

Any failure or perceived failure by us to comply with competition laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.

In recent years, the PRC government has stepped up enforcement against concentration of undertakings, cartel activities, monopoly agreements, unfair pricing, abusive behaviors by companies with market dominance and other anti-competitive activities.

The PRC government is enhancing its anti-monopoly and anti-unfair competition laws and regulations and guidance. The Online Trading Measures, which took effect on May 1, 2021, the amended Anti-monopoly Law which came into effect on August 1, 2022, as well as the Provisions on the Prohibition of Monopoly Agreements (《禁止壟斷協議規定》), the Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》) and the Provisions on the Review of Concentration of Undertakings (《經營者集中審查規定》), all of which came into effect on April 15, 2023, among others, impose liabilities on cartel facilitators who aid others in the summation of anti-competitive agreements, clarify that data, algorithms, technologies, platform rules and other measures may not be used for consummation of monopoly agreements, and prohibit platform operators from abuse of dominant market positions. On November 22, 2022, the SAMR published the Draft Amendment to the PRC Anti-unfair Competition Law for public comments, which introduced prohibition against the misuse of a relatively dominant market position and set significant administrative penalties specifically for unfair competitive practices in digital economy. Such laws and regulations:

- provide guidelines for the implementation of anti-monopoly and anti-unfair competition laws and regulations, including prohibition against the abuse of dominant market positions, especially in terms of unreasonable restrictions on transactions, price manipulation, interference with merchants' independent business operations, false or misleading marketing and the use of technical means to disrupt the normal operations of network products or services legally provided by other business operators and details of the review of concentration of undertakings;

- strengthen enforcement of anti-monopoly and anti-unfair competition laws and regulations, including the regulation of monopolistic behaviors and monopoly agreements and price-related violations as well as assistance in the consummation of monopoly agreements, such as below-cost pricing, price discrimination, manipulation of market prices, fraudulent pricing, entering into monopoly agreements and abuse of dominant market positions through data, algorithms, technology or platform rules, as well as supervision of concentration of undertakings; and

- increase legal liabilities, including greater penalties and criminal liabilities, for violations of anti-monopoly and anti-unfair competition laws and regulations.

In February 2021, the Anti-monopoly Committee of the State Council published the Guidelines on Anti-monopoly Issues in Platform Economy (《關於平台經濟領域的反壟斷指南》), or the Platform Economy Antimonopoly Guidelines. The Platform Economy Antimonopoly Guidelines set out detailed standards and rules in respect of definition of relevant markets, typical types of cartel activity and abusive behavior by companies with market dominance, which provide further guidelines for enforcement of anti-monopoly laws regarding online platform operators. Furthermore, in July 2021, the SAMR released the revised draft Provisions on the Administrative Penalties on Price-related Violation (《價格違法行為行政處罰規定》(修訂徵求意見稿)) for public comment, which proposes significant penalties, including fines of up to 10% of revenues during the violation period, suspension of business or revocation of required licenses, for a number of price-related violations, such as below-cost pricing to squeeze out competitors, price discrimination, manipulation of market prices and fraudulent pricing. In particular, improper pricing by e-commerce platform operators, including the use of big data analysis, algorithms or other technologies to conduct differentiated pricing and price subsidies, may be subject to significant penalties, including fines of up to 5‰ of prior year's revenue, suspension of business and revocation of required licenses.

As the Platform Economy Antimonopoly Guidelines as well as the amended PRC Anti-monopoly Law were recently issued and the revised draft Provisions on the Administrative Penalties on Price-related Violation were released for public comment only, uncertainties still exist in relation to their interpretation and implementation. It is uncertain whether or how these new laws, rules and regulations and their interpretation and implementation may affect us. As a result, we may need to devote significant resources or change our business practices to comply with current laws and regulations as well as new laws and regulations that may be enacted in the future. We may also be subject to regulatory investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.

PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us.

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular 75, requires PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014, which replaced SAFE Circular 75. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. In February 2015, SAFE issued the Circular on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents' investment in "special purpose vehicle" pursuant to SAFE Circular 37, except that those PRC residents who have failed to comply with SAFE Circular 37 will remain to fall into the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch.

We are not aware of any PRC resident individuals who hold direct or indirect interest in our Company which are required to obtain registrations under SAFE Circular 37. However, we may not be informed of the identities of any and all the PRC residents holding direct or indirect interest in our Company, therefore we cannot provide any assurance that these PRC residents, if any, will comply with our request to make or obtain any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, restrict our cross-border investment activities, limit the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

***We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your* [REDACTED].**

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall and substantial management of the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Taxation Administration ("**STA**") issued a circular, or STA Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign enterprises or individuals, the criteria set forth in the circular may reflect the STA's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to STA Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location where senior management personnel and departments that are responsible for the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder meeting minutes are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that neither we nor our offshore subsidiary is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that we and/or our offshore subsidiary are a PRC resident enterprise for enterprise income tax purposes, we and/or our offshore subsidiary will be subject to the uniform 25% enterprise income tax on our world-wide income, which could materially reduce our net income. In addition, we and/or our offshore subsidiary will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our Shares may be subject to PRC tax, and dividends we pay may be subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty). It is unclear whether non-PRC Shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your [**REDACTED**] in our Shares.

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

Under the EIT Law, and its implementation rules, PRC withholding tax at the rate of 10% is generally applicable to dividends from PRC sources paid to [**REDACTED**] that are non-resident enterprises, 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 [**REDACTED**] is subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within China paid to foreign individual [**REDACTED**] who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such [**REDACTED**] on the transfer of shares are generally subject to 20% PRC income tax. Any such PRC tax liability may be reduced by the provisions of an applicable tax treaty.

As discussed above under "– We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your [**REDACTED**]," we may be considered a PRC resident enterprise. As substantially all of our business operations are in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident [**REDACTED**], the value of your [**REDACTED**] in our Shares may be materially and 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.

In addition, 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, or the Double Tax Avoidance Arrangement and the Notice of the State Taxation Administration on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by STA, if a Hong Kong resident enterprise owns more than 25% of the equity interest in a PRC company at all times during the twelve-month period immediately prior to obtaining a dividend from such company, the 10% withholding tax on dividends is reduced to 5% provided certain other conditions and requirements under the Double Tax Avoidance Arrangement and other applicable PRC laws are satisfied at the discretion of the relevant PRC tax authority. However, based on the Notice of the State Taxation Administration on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, if the relevant PRC tax authorities determine, in their discretion, that a transaction or arrangement whose primary purpose is to obtain a preferential tax status should not justify the application of the preferential provisions of the dividend provisions of the tax treaty to obtain a lower income tax rate, the PRC tax authority may adjust the preferential tax policy. Based on the Notice of the State Taxation Administration on the Recognition of Beneficial Owners in Tax Treaties, or Circular 9, issued on February 3, 2018 by STA and effective from April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in a third country or region, whether the applicant operating constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levies tax at an extremely low effective rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. If the Chinese government authorities determine that our Hong Kong subsidiary is subject to a low income tax rate as part of a transaction whose primary purpose is to obtain a favourable tax position, it would have a material adverse effect on the amount of the dividend.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, and the heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your [**REDACTED**] ***in us.***

The STA has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Notice on Several Issues Regarding the Income Tax of Non-PRC Resident Enterprises promulgated issued in March 2011, or STA Circular 24, and the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises issued in February 2015, or STA Circular 7. Pursuant to these rules and notices, if a non-PRC resident enterprise indirectly transfers PRC taxable properties, referring to properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC resident enterprise, by disposing of equity interest in an overseas holding company, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. STA Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose. Except the safe harbor rule, an indirect transfer satisfying all the following criteria will be directly deemed to lack reasonable commercial purpose and be taxable under PRC law: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC income tax on the direct transfer of such assets. Nevertheless, the indirect transfer falling into the safe harbor available under STA Circular 7 may not be subject to PRC tax and the scope of the safe harbor includes qualified group restructuring as specifically set out in STA Circular 7, public market trading and tax treaty exemptions.

In October 2017, the STA released the Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or STA Public Notice 37, effective from December 2017. STA Public Notice 37 replaced a series of important circulars, including but not limited to STA Circular 24, and revised the rules governing the administration of withholding tax on China-source income derived by a non-resident enterprise. STA Public Notice 37 provides for certain key changes to the current withholding at source system, for example, the withholding at source obligation for a non-resident enterprise deriving dividend arises on the date on which the payment is actually or timely made rather than on the date of the resolution that declared the dividends.

Under STA Circular 7 and STA Public Notice 37, the entities or individuals obligated to pay the transfer price to the transferor are the withholding agents and must withhold the PRC income tax from the transfer price if the indirect transfer is subject to the PRC enterprise income tax. If the withholding agent fails to do so, the transferor should report to and pay the tax to the PRC tax authorities. In the event that neither the withholding agent nor the transferor fulfills their obligations under STA Circular 7 and STA Public Notice 37, according to the applicable law, apart from imposing penalties such as late payment interest on the transferor, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with STA Circular 7.

However, as there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our Company by [**REDACTED**] that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our Company and other non-resident enterprises in our group may be subject to filing obligations or being taxed if our Company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our Company and other non-resident enterprises in our group are transferees in such transactions. For the transfer of shares in our Company by [**REDACTED**] that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our Company and other non-resident enterprises in our group should not be taxed under these rules and notices, which may have a material adverse effect on our financial condition and results of operations. There is no assurance that the tax authorities will not apply the rules and notices to our offshore restructuring transactions where non-PRC residents were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident [**REDACTED**] may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules and notices, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident [**REDACTED**] in us. We may conduct acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

Change in the preferential tax treatment or government subsidy we currently receive may affect our business, financial condition and results of operations.

Our business has benefited from preferential tax treatment, government subsidies, economic incentives and government policies that support the growth of the rural credit industry. For example, our rural inclusive credit service is eligible to claim tax refunds or government subsidies from local governments. Any change in preferential tax treatment or elimination of government subsidies and economic incentives because of policy changes, fiscal tightening or other factors may resulted in the diminished competitiveness of the rural credit finance industry, which could in turn materially and adversely affect our business, financial condition and results of operations.

In addition, the PRC Enterprise Income Tax Law and its implementation rules permit certain "high and new technology enterprises strongly supported by the state", or HNTE which hold independent ownership of core intellectual property to enjoy a preferential enterprise income tax rate of 15% subject to certain qualification criteria. One of our PRC subsidiaries, namely Chongho Bridge Group Limited, was recognized by relevant PRC government authorities as a HNTE, in 2022 and therefore became eligible for the preferential 15% enterprise income tax rate from 2022 to 2025 upon its filing with the relevant tax authority. The continued qualification of Chongho Bridge Group Limited as an HNTE is subject to a three-year review by the relevant authorities in China. We cannot assure you that Chongho Bridge Group Limited will continue to qualify as a HNTE when it is subject to review in the future. Should it lose this qualification for any reason, it will no longer enjoy the 15% preferential tax rate, and its applicable enterprise income tax rate may increase to 25%. As a result, our financial condition and results of operation could be materially and adversely affected.

Furthermore, according to the Announcement on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (關於延續西部大開發企業所得稅政策的公告) jointly issued by the Ministry of Finance, the STA and the NDRC as well as the Notice of Preferential Income Tax Policies for Enterprises in Hainan Free Trade Port (關於海南自由貿易港企業所得稅優惠政策的通知) jointly issued by the Ministry of Finance and the STA, enterprises incorporated in certain western provinces of China and Hainan Free Trade Port and engaged in stipulated encouraged business, such as rural financial services, are permitted to enjoy a preferential enterprise income tax rate of 15% subject to certain qualification requirements until December 31, 2030 and December 31, 2024, respectively. Some of our licensed microcredit subsidiaries meet the relevant stipulated qualification requirements and therefore are entitle to enjoy the preferential 15% enterprise income tax rate. We cannot assure you that they will continue to be eligible for the preferential tax treatments in the future. Should they lose their preferential treatment for any reason, for example, the microcredit business is no longer be recognized as an encouraged business, they will no longer be able to enjoy the relevant tax preferential treatment. As a result, our financial condition and results of operation could be materially and adversely affected.

Any failure to comply with PRC regulations regarding our employee share incentive plan may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or non-PRC citizens living in China for a continuous period of not less than one year and have been granted options will be subject to these regulations when our company becomes an overseas-[**REDACTED**] company upon the completion of the [**REDACTED**]. Failure to complete SAFE registrations may subject them to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals and may also limit our ability to contribute additional capital into our PRC subsidiary and our PRC subsidiary's ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

In addition, the STA has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes for those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

We rely to a significant extent on dividends, loans and other distributions on equity paid by our principal operating subsidiaries in China.

We are a holding company, and we principally rely on dividends, loans and other distributions on equity that may be paid by our principal operating subsidiaries, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our Shares, fund inter-company loans, service any debt we may incur and pay our expenses. If our principal operating subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions or remittances, including loans, to us.

Under PRC laws and regulations, wholly foreign-owned enterprises in China may pay dividends only out of their retained earnings as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. Our PRC subsidiaries may also allocate a portion of their respective after-tax profits based on PRC accounting standards to discretional reserve funds. These reserve funds are not distributable as cash dividends. Any limitation on the ability of our Consolidated Affiliated Entities to make remittance to Chongho Bridge Group Limited to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from using the* [REDACTED] *of the* [REDACTED] *to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We may transfer funds to our PRC subsidiaries or finance our PRC subsidiaries by means of shareholders' loans or capital contributions, or to our Consolidated Affiliated Entities by means of loans, after completion of the [**REDACTED**]. Any loans to our PRC subsidiaries or our Consolidated Affiliated Entities cannot exceed a statutory limit, and shall be filed with SAFE or its local counterparts, and if such loan is with a term of more than one year, must be recorded and registered with the NDRC or its local branches. In addition, any capital contributions we make to our PRC subsidiaries shall be filed with MOFCOM or its local counterparts via the online information reporting system and registered with the SAMR or its local branches. We may not be able to complete these government filings on a timely basis, if at all. If we fail to complete such filings, our ability to provide loans or capital contributions to our PRC subsidiaries in a timely manner may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In March 2015, SAFE promulgated SAFE Circular 19, which took effect and replaced Circular of the Comprehensive Department of the SAFE on Improving the Business Operation of foreign exchange Capital Payment and Settlement of Foreign-invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) (the "**SAFE Circular 142**") from June 1, 2015. On June 9, 2016, SAFE promulgated SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 removed certain restrictions previously provided under SAFE Circular 142 on the conversion by a foreign-invested enterprise of its capital denominated in foreign currency into RMB and the use of such RMB and allowed foreign invested enterprises to settle their foreign currency-denominated capital at their discretion based on actual needs of their business operations. However, SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capital for expenditure beyond its business scope, or providing loans to non-associated enterprises. In addition, neither SAFE Circular 19 nor SAFE Circular 16 clarifies whether a foreign-invested enterprise whose business scope does not include equity investment or similar activities may use RMB converted from the foreign currency-denominated capital for equity investments in the PRC. On October 23, 2019, the SAFE issued SAFE Notice 28, which expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as there is a truthful investment and such investment is in compliance with the foreign investment-related laws and regulations. If our Consolidated Affiliated Entities require financial support from us or our PRC subsidiaries in the future, and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund our Consolidated Affiliated Entities' operations will be subject to statutory limits and restrictions, including those described above. The applicable foreign exchange circulars and rules may limit our ability to transfer the net [**REDACTED**] from the [**REDACTED**] to our PRC subsidiaries and convert the net [**REDACTED**] into RMB, which may adversely affect our business, financial condition and results of operations.

***Regulations on the remittance of RMB into and out of China and currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your* [REDACTED].**

A substantial portion of our revenue is denominated in Renminbi. The Renminbi under the "current account", including dividends, trade and service-related foreign exchange transactions is readily convertible. The currency conversion of Renminbi under "capital account", including foreign direct investment and loans (including loans we may secure from our onshore subsidiaries or Consolidated Affiliated Entities), requires approval from or registration with appropriate governmental authorities or designated banks. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our Shares, if any. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration or filings with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Pursuant to the SAFE Circular 19, a foreign-invested enterprise may convert up to 100% of the foreign currency in its capital account into RMB on a discretionary basis according to the actual needs. The SAFE Circular 16 provides for an integrated standard for conversion of foreign exchange under capital account items on a discretionary basis, which applies to all enterprises registered in China. In addition, the SAFE Circular 16 has narrowed the scope of purposes for which an enterprise must not use the RMB funds so converted, which include, among others, (i) payment for expenditure beyond its. business scope or otherwise as prohibited by the applicable laws and regulations, (ii) investment in securities or other financial products other than banks' principal-secured products, (iii) provision of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope of the enterprise, and (iv) construction or purchase of non-self-used real properties, except for real estate developers. The PRC government may at its discretion further restrict access to foreign currencies for current account transactions or capital account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency needs, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of China.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of RMB against the Hong Kong dollar, the U.S. dollar, the Euro and other currencies fluctuates, is subject to changes including the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the People's Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policy goals.

The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into RMB. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

It may be difficult to effect service of process upon us or our Directors or officers, or to enforce foreign court judgments in the jurisdictions where we operate and where our assets are located.

Most of our assets are situated in Chinese Mainland and most of our directors and officers named in this document reside in Chinese Mainland. As a result, it may be difficult to effect service of process outside Chinese Mainland upon most of our directors and officers, including with respect to matters arising under applicable securities laws. Chinese Mainland does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom and many other countries. Consequently, it may be difficult for you to enforce against us or our directors or officers in Chinese Mainland any judgments obtained from courts outside of Chinese Mainland.

On July 14, 2006, Hong Kong and Chinese Mainland entered into the Arrangement between the Courts of the Mainland and Courts of the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters Where the Parties Involved Have a Choice of Court Agreement (《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》), or the 2006 Arrangement. Pursuant to the 2006 Arrangement, a final judgment on civil or commercial matters entered by Hong Kong courts can be recognized and enforced in Chinese Mainland by application to a competent court of Chinese Mainland if the judgment awards monetary payment and the parties thereto have agreed in writing to submit the matter exclusively to Hong Kong courts for resolution. Similarly, a final judgment entered by a PRC court on civil or commercial matters are enforceable in Hong Kong if the judgment awards monetary payment and the parties thereto have agreed in writing to submit the matter exclusively to PRC courts for resolution. Although the 2006 Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the 2006 Arrangement may still be uncertain.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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》) (the "2019 Arrangement"), which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and Chinese Mainland, based on criteria other than a written choice of court agreement. The 2006 Arrangement was superseded upon the effectiveness of the 2019 Arrangement on January 29, 2024.

It may be difficult for overseas regulators to conduct investigation or collect evidence within China.

Shareholder claims or regulatory investigation that are common in jurisdictions outside China are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in Hong Kong or other jurisdictions may not be efficient in the asset-backed securities of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC, and without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide documents or materials relating to securities business activities to overseas parties. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China and the potential obstacles for information provision may further increase difficulties faced by you in protecting your interests.

RISKS RELATING TO THE [REDACTED]

There has been no prior* [REDACTED] *for our Shares prior to the* [REDACTED]*, and you may not be able to resell our Shares at or above the price you pay, or at all.

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] for our Shares. There can be no guarantee that an active [**REDACTED**] market for our Shares will develop or be sustained after completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

The* [REDACTED] *of the Shares may be volatile, which could result in substantial losses to you.

The [**REDACTED**] of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the [**REDACTED**] markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the [**REDACTED**] of other companies with business operations located mainly in China that have [**REDACTED**] their [**REDACTED**] in Hong Kong may affect the volatility in the price of and [**REDACTED**] for our Shares. A number of PRC-based companies have [**REDACTED**] their [**REDACTED**], and some are in the process of preparing for [**REDACTED**] their [**REDACTED**], in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [**REDACTED**]. The [**REDACTED**] performances of the [**REDACTED**] of these companies at the time of or after their [**REDACTED**] may affect the overall [**REDACTED**] sentiment towards PRC-based companies [**REDACTED**] in Hong Kong and consequently may impact the [**REDACTED**] performance of our Shares. These broad market and industry factors may significantly affect the [**REDACTED**] and volatility of our Shares, regardless of our actual operating performance.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our directors, executive officers and substantial shareholders, could adversely affect the* [REDACTED] *of our Shares.

Future sales of a substantial number of our Shares, especially by our directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the [**REDACTED**] of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the [**REDACTED**] periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing shareholders of our Shares are not subject to [**REDACTED**] agreements. [**REDACTED**] of Shares by such shareholders and the availability of these Shares for future sale may have a negative impact on the [**REDACTED**] of our Shares.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the [**REDACTED**] of Shares is higher than the net tangible book value per share of our Shares immediately prior to the [**REDACTED**], purchasers of our Shares in the [**REDACTED**] will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the [**REDACTED**] may experience further dilution in their shareholding percentage.

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your [**REDACTED**]**.**

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an [**REDACTED**] in our Shares as a source for any future dividend income.

Our Board of Directors has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board of Directors. Even if our Board of Directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our Board of Directors. Accordingly, the return on your [**REDACTED**] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your [**REDACTED**] in our Shares and you may even lose your entire [**REDACTED**] in our Shares.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from the industry expert report contained in this document.

This document, particularly the section headed "Business" and "Industry Overview," contains information and statistics relating to the rural inclusive credit market, agricultural production services market, rural consumer goods and services market and rural clean energy market. Such information and statistics have been derived from the Frost & Sullivan Report commissioned by us. We believe that the Frost & Sullivan Report is an appropriate source for information related to our industry, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Sole Sponsor, the [**REDACTED**] or any other party involved in the [**REDACTED**], and no representation is given as to its 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. You should therefore not place undue reliance on such information. 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.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [**REDACTED**]***.***

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this document, there has been press and media coverage regarding us and the [**REDACTED**]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

There will be a time gap of several business days between pricing and [**REDACTED**] ***of our Shares*** [**REDACTED**] ***in the*** [**REDACTED**]***. Holders of our Shares are subject to the risk that*** [**REDACTED**] ***prices of our Shares could fall during the period before*** [**REDACTED**] ***of our Shares begins.***

The [**REDACTED**] of our Shares is expected to be determined on the [**REDACTED**]. However, our Shares will not commence [**REDACTED**] on the Stock Exchange until they are delivered, which is expected to be several Hong Kong business days after the pricing date. As a result, [**REDACTED**] may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before [**REDACTED**] begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time [**REDACTED**] begins.

In preparation for the [**REDACTED**], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. As none of our executive Directors currently resides in Hong Kong, we do not and, for the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

The Group's management headquarters, senior management, business operations and assets are located in the PRC. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, the Group and therefore would not be in the best interests of the Company or the Shareholders as a whole.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, on the basis that we will have proper arrangements to maintain regular communication with the Stock Exchange. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Dr. Liu Dongwen, our executive Director and Mr. Lee Leong Yin, our joint company secretary;

(b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide their contact information to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives have means for contacting all Directors promptly at all times as and when required;

(c) we will ensure that each Director who is not ordinarily resident 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; and

(d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Altus Capital Limited as compliance adviser (the "**Compliance Adviser**"), who will act as an additional channel of communication with the Stock Exchange. The Compliance Adviser will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our Company's authorized representatives and Directors. In turn, they will provide the Compliance Adviser with such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties. The Compliance Adviser will also provide advice to our Company when consulted by our Company in compliance with Rule 3A.23 of the Listing Rules.

WAIVER IN RELATION TO OUR JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their 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 Institute of Chartered Secretaries;

(ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, 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 they played;

(ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Li Zhen ("**Ms. Li**") and Mr. Lee Leong Yin ("**Mr. Lee**"), of Tricor Services Limited, as joint company secretaries. See "Directors and Senior Management—Joint Company Secretaries" for their biographies.

Mr. Lee is a member and fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom, and therefore meets the qualification requirements under Rule 3.28 Note 1 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

While Ms. Li does not possess the formal qualifications required of a company secretary, we have applied for[, and the Stock Exchange has granted,] a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules for a three year period from the [**REDACTED**] subject to the condition that (i) Mr. Lee is appointed as a joint company secretary throughout the three year period to assist Ms. Li in discharging her functions as a company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules. We will also adopt the following arrangements:

(a) Mr. Lee will work closely with and provide assistance to Ms. Li in the discharge of her duties as a company secretary, so as to enable Ms. Li to acquire the "relevant experience" as is required under Rule 3.28 of the Listing Rules;

(b) Ms. Li will comply with the requirement under Rule 3.29 of the Listing Rules to attend relevant professional training, so as to gain familiarity with the Listing Rules and other relevant Hong Kong laws and regulations;

(c) the Company will ensure that Ms. Li and Mr. Lee have access to relevant training, support and advice from our compliance adviser (appointed pursuant to Rule 3A.19 of the Listing Rules) and our Company's legal and professional advisers, who can provide professional guidance to us and our joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations; and

(d) prior to the end of the initial three year period, the qualifications and experience of Ms. Li will be re-evaluated to determine whether, having benefited from the assistance of Mr. Lee, Ms. Li has acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE 2020 EQUITY INCENTIVE PLAN

Pursuant to Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this document is required to include, among other things, details regarding the number, description, and amount of any of our Shares which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for the Shares subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given, full details of all outstanding options and their potential dilution effect on the shareholdings upon [**REDACTED**], as well as the impact on the earnings per Share arising from the exercise of the Pre-[**REDACTED**] Share Options (the "**Share Option Disclosure Requirements**").

We have granted the Pre-[**REDACTED**] Share Options under the 2020 Equity Incentive Plan to 149 Grantees that remain outstanding as at the Latest Practicable Date, including Directors and other employees of our Group, to subscribe for an aggregate of 63,295,469 Shares, representing [**REDACTED**]% of the total issued share capital immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan), on the terms set forth in the section headed "History, Reorganization and Corporate Structure—2020 Equity Incentive Plan" in this document and the section headed "Statutory and General Information—D. Share Incentive Schemes—1. 2020 Equity Incentive Plan" in Appendix IV to this document.

Our Company has applied to the Stock Exchange and the SFC for: (i) a waiver from strict compliance with the applicable Share Option Disclosure Requirements; and (ii) a certificate of exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, on the ground that the exemption will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

(a) we have granted the Pre-[**REDACTED**] Share Options to 149 Grantees to subscribe for 63,295,469 Shares, representing approximately [**REDACTED**]% of our Shares in issue immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan). The Grantees include 5 Grantees who are our Directors and directors or chief executives of our subsidiaries (being our Company's connected persons). The remaining 144 Grantees are other employees who are not connected persons of our Company. Strict compliance with the above disclosure requirements to disclose names, addresses and entitlements on an individual basis in respect of these 144 Grantees will not provide any material or meaningful information to the investing public;

(b) our Directors consider that it would be unduly burdensome to disclose in this document full details of all the Pre-[**REDACTED**] Share Options granted by us to each of the Grantees, which would significantly increase the cost and time required for the preparation of this document;

(c) strict compliance with such disclosure requirements in setting out full details of all the Grantees in this document requires our Company to compile information and seek and obtain consent from each of the Grantees in order to comply with personal data privacy laws and principles which would be significantly time consuming and unduly burdensome; and

(d) material information relating to the Pre-[**REDACTED**] Share Options under the 2020 Equity Incentive Plan will be disclosed in this document, including the total number of Shares subject to the 2020 Equity Incentive Plan, the exercise price per Share, the potential dilution effect on shareholding, and impact on earnings per Share upon full exercise of the Pre-[**REDACTED**] Share Options granted under the 2020 Equity Incentive Plan. Our Directors consider that the information that is reasonably necessary for the potential [**REDACTED**] to make an informed assessment of our Company in their [**REDACTED**] decision making process has been included in this document.

The Stock Exchange [has granted] us a waiver from strict compliance with the relevant requirements under the Listing Rules on the conditions that:

(a) full details of Pre-[**REDACTED**] Share Options granted to Grantees who are the Directors and other connected persons of our Company, on an individual basis, are disclosed in this document, and such details include all the particulars required under paragraph 10 of the Third Schedule;

(b) for the remaining Grantees (being the other Grantees who are not (i) our Directors, or (ii) connected persons of our Company), disclosure will be made for, on an aggregate basis of (1) the aggregate number of Grantees and the number of Shares underlying the Pre-[**REDACTED**] Share Options granted to them under the 2020 Equity Incentive Plan, (2) the consideration payable for the grant of the Pre-[**REDACTED**] Share Options under the 2020 Equity Incentive Plan, (3) the exercise period, and (4) the exercise price for the Pre-[**REDACTED**] Share Options granted under the 2020 Equity Incentive Plan;

(c) there will be disclosure in this document for the aggregate number of Shares underlying the Pre-[**REDACTED**] Share Options under the 2020 Equity Incentive Plan and the percentage of our Company's total issued share capital represented by such number of Shares as of the Latest Practicable Date;

(d) the dilutive effect and impact on earnings per Share upon full exercise of the Pre-[**REDACTED**] Share Options under the 2020 Equity Incentive Plan will be disclosed in "Appendix IV—Statutory and General Information—D. Share Incentive Schemes—1. 2020 Equity Incentive Plan" to this document;

(e) a summary of the major terms of the 2020 Equity Incentive Plan will be disclosed in "Appendix IV—Statutory and General Information—D. Share Incentive Schemes—1. 2020 Equity Incentive Plan" to this document;

(f) the particulars of the exemption are set forth in this document;

(g) further information relating to the Grantees who have been granted Pre-[**REDACTED**] Share Options is provided to the Stock Exchange; and

(h) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC [has agreed] to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) on an individual basis, full details of the Pre-[**REDACTED**] Share Options under the 2020 Equity Incentive Plan granted to each of (i) our Directors and (ii) other connected persons of our Company, will be disclosed in "Appendix IV—Statutory and General Information—D. Share Incentive Schemes—1. 2020 Equity Incentive Plan" to this document as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) for the remaining Grantees (being the other Grantees who are not (i) our Directors, or (ii) connected persons of our Company), disclosure will be made of, on an aggregate basis, (1) the aggregate number of Grantees and the number of Shares underlying the Pre-[**REDACTED**] Share Options granted to them under the 2020

Equity Incentive Plan, (2) the consideration payable for the grant of the Pre-[**REDACTED**] Share Options under the 2020 Equity Incentive Plan, (3) the exercise period, and (4) the exercise price for the Pre-[**REDACTED**] Share Options granted under the 2020 Equity Incentive Plan; and

(c) the particulars of the exemption are set forth in this document.

Further information on the 2020 Equity Incentive Plan is set forth in the section headed "History, Reorganization and Corporate Structure—2020 Equity Incentive Plan" in this document and the section headed "Statutory and General Information—D. Share Incentive Schemes—1. 2020 Equity Incentive Plan" in Appendix IV to this document.

ACQUISITION AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants' report to be included in a [**REDACTED**] document must include the results and statement of financial position of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the [**REDACTED**] document.

Pursuant to Note 4 to Rule 4.04 of the Listing Rules, the Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

On October 25, 2023, Chongho Bridge Group Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement pursuant to which Chongho Bridge Group Limited agreed to acquire 100% of the equity interest in Company X, a limited company established in the PRC, for a total consideration of approximately RMB242 million (the "**Post-TRP Acquisition**"). The consideration was determined based on arm's length negotiation, with reference to the financial results of Company X. Such consideration shall be settled at completion as stipulated under the equity transfer agreement. The completion of the Post-TRP Acquisition is subject to the satisfaction of certain conditions including without limitation approval from the relevant regulatory authorities. As of the Latest Practicable Date, the completion has not taken place. The consideration shall be satisfied by the internal resources of our Group and we do not expect to use any [**REDACTED**] from the [**REDACTED**] to fund such acquisition.

Based on its audited financial statements prepared in accordance with the China Accounting Standards for Business Enterprise for the year ended December 31, 2022, the total revenue, profit before tax and total assets of Company X amount to approximately RMB77 million, RMB4 million and RMB492 million, respectively.

Company X is primarily engaged in the microcredit business and the Company believes that the Post-TRP Acquisition will enable our microcredit business to expand its geographical reach in alignment with our strategy. Our Directors believe that the terms of the Post-TRP Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

In light of the Post-TRP Acquisition, under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the Company is required to present in its document the financial information of Company X during the Track Record Period.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted], a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Post-TRP Acquisition on the following grounds:

(a) **Immateriality of the Post-TRP Acquisition**: The scale of the business operated by Company X as compared with that of our Group is not material. For illustration purposes only, applying the relevant size tests under Rule 14.04(9) of the Listing Rules by comparing the financial information for the year ended December 31, 2022 of Company X (being its latest financial results extracted from the audited financial statements) against that of the Group, such applicable percentage ratios are less than 5%.

In addition, notwithstanding that Company X represents a suitable strategic acquisition target of the Group, the Company believes that the Post-TRP Acquisition, as and if completed, would not significantly affect the financial position of the Group as a whole.

(b) **Undue burden to obtain and prepare historical financial information of Company X**: As of the Latest Practicable Date, the Post-TRP Acquisition has not been completed, and the Company was not previously involved in the day-to-day management of Company X. As such, it will require considerable time and resources for the Company to gather and compile the necessary financial information and supporting documents for disclosure in the document. In addition, the financial statements of Company X have been prepared in accordance with the China Accounting Standards for Business Enterprise. It would be time consuming and unduly burdensome for the Company to review and arrange for the relevant financial information to be drawn up in conformity with IFRS Accounting Standards and for the reporting accountants to audit the historical financial information of Company X. As such, it would be unduly burdensome and impracticable for our Company to gather and disclose the financial information of Company X for each of the three financial years immediately preceding the issue of this document.

Therefore, having considered the immateriality of Company X, as well as the time and resources required to obtain, compile and audit such historical information in conformity with the Company's accounting policies, it would be unduly burdensome for the Company to prepare and include the full historical financial information of Company X in this document.

(c) **Disclosure of necessary information in the document**: With a view of allowing the potential [**REDACTED**] to understand the Post-TRP Acquisition in greater detail, the Company has included in the document the following information in relation to Company X, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including (a) a general description of the scope of principal business activities of Company X, (b) the consideration of the Post-TRP Acquisition; (c) the basis on which the consideration is determined; (d) how the consideration will be satisfied and the payment terms; (e) reasons for and benefits of the acquisition; (f) key financial information of Company X; and (g) any other material terms of the equity transfer agreement in relation to the Post-TRP Acquisition.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions that will constitute partially-exempt continuing connected transactions and non-exempt continuing connected transactions of our Company under the Listing Rules upon the [**REDACTED**]. Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, see the section headed "Connected Transactions" in this document.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Dr. Liu Dongwen (劉冬文)	No. 301, Unit 1, Building 12 Xiju Xinyuan South Area Fengtai District Beijing PRC	Chinese
Ms. Li Zhen (李真)	Room 801, Unit 2, Building 3 No. 68, Shuangying West Road Nanshao Town Changping District Beijing PRC	Chinese
Non-Executive Directors		
Mr. Zhu Chao (朱超)	No. 151, Yejiazhai Xiaoshiqiao Team Guijing Village Sanlin Town Pudong New Area Shanghai PRC	Chinese
Mr. Sun Qiang Chang (孫强)	Flat A, 49/F, Tower 7 Bel-Air on the Peak 68 Bel-Air Peak Avenue Cyberport Hong Kong	Chinese (Hong Kong)
Ms. Cai Li (蔡俐)	Room 902, Tower 11 No. 6 Chaowai Avenue Chaoyang District Beijing PRC	Chinese

Name	Residential Address	Nationality
Dr. Bei Duoguang (貝多廣)	Room 1103, 10/F, Building 2 No. 26, Xirongxian Hutong Xicheng District Beijing PRC	Chinese

Independent Non-Executive Directors

Name	Residential Address	Nationality
Dr. Wang Zhongze (王中澤)	Flat A, 18/F, Block 7 Braemar Hill Mansion 27 Braemar Hill Road North Point Hong Kong	Chinese (Hong Kong)
Dr. Wu Zhong (吳忠)	Flat C, 36/F, Tower 1 The Henley 7 Muk Tai Street Kai Tak, Kowloon Hong Kong	Chinese (Hong Kong)
Dr. Zhou Yueshu (周月書)	Room 501, Building 1 Meilinyuan Community No. 9 Tongwei Road Xuanwu District Nanjing PRC	Chinese

Further information about the Directors and other senior management members are set out in "Directors and Senior Management".

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor [REDACTED]

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

[REDACTED]

Legal Advisers to Our Company

As to Hong Kong and U.S. laws:

Simpson Thacher & Bartlett
35/F, ICBC Tower
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The report prepared by Frost & Sullivan for the Company is referred to in this document as the Frost & Sullivan Report. Except as otherwise noted, all of the data and forecasts contained in this section have been derived from the Frost & Sullivan Report.

OVERVIEW OF CHINA RURAL MARKET

The rural market is critical to China's overall development due to its large population and wide geographical dispersion. As of December 31, 2022, China's rural market spanned 477,874 villages across 38,602 towns in 2,843 counties in China, covering a rural population of approximately 491.0 million. According to the Frost & Sullivan Report, China has the world's largest rural market as measured by grain output in 2022.

The spending power of China's rural population has experienced robust growth in recent years. Its growth has outpaced that of China's urban population and this trend is expected to continue. According to the Frost & Sullivan Report, consumption expenditure per capita in China's rural market is expected to grow at a CAGR of 8.3% from approximately RMB18,212 in 2023 to approximately RMB25,036 in 2027, higher than that of 5.9% in the urban market. Growth in the rural economy and the rural population's spending power will continue driving the demands of the rural market.

China's rural market has substantial growth opportunities, which are driven by the "rural revitalization" strategy supported by the Chinese government and its efforts in accelerating the modernization of the "three rural" sector.

DISTINCTIVENESS OF CHINA RURAL MARKET

Compared with the urban market, China's rural market has distinct market attributes:

- **Geographical Dispersion:** The rural market in China is geographically dispersed, with a population of approximately 491 million in 477,874 villages spread across the country as of December 31, 2022. At the same time, transportation and infrastructure in rural areas are less developed, resulting in higher travel and logistics costs. Rural customers nevertheless expect timely and efficient deliveries of products and services. According to the customer survey conducted by Frost & Sullivan with 1,800 samples in China's rural market across 21 provinces in China in 2023 (the "**Survey**"), 38.7% of rural customers consider fast and convenient order delivery and door-to-door services to be among their key factors in choosing consumption channels. Due to the dispersed nature of the rural market, new players face high barriers to entry in establishing local operation capabilities that are able to support timely delivery of products and services. On the other hand, players with long operating histories and established local networks can offer products and services in a cost-effective manner and achieve economies of scale as their networks grow.

- **Reliance on Acquaintances:** Partly due to the low Internet penetration rate, rural customers often rely on information from acquaintance networks in local communities, such as friends and family, when making purchases, and especially so when purchasing products and services they are less familiar with, such as financial products. According to the Survey, over 34.5% of rural customers choose credit or insurance companies based on recommendations from friends and family. As a result, their trust in and relationship with merchants' and services providers' local operation teams greatly affect their purchase decisions.

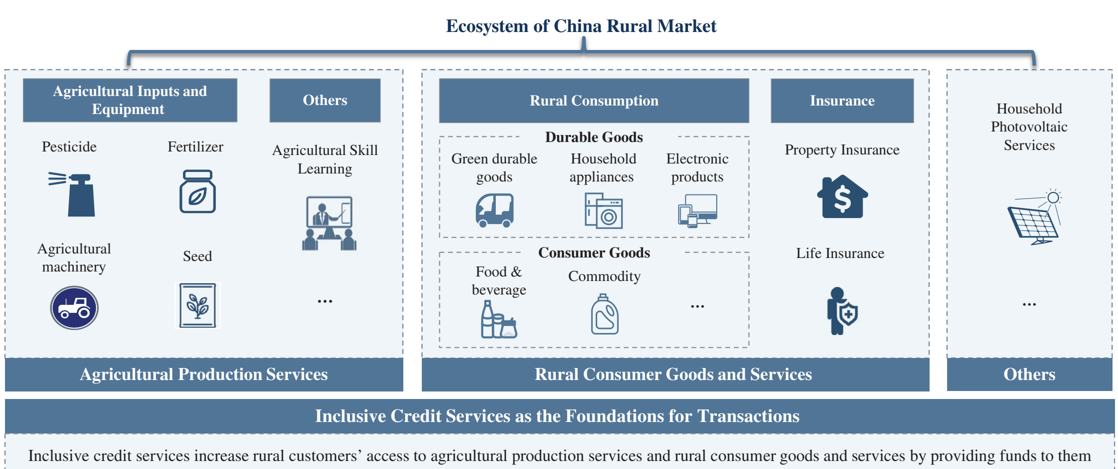
- **Evolving and Diversified Demands:** With increasing spending power, rural customers have evolving demands for production and daily life, including but not limited to demands for cost-effective agricultural inputs and equipment to improve production efficiency as well as better products and services to enhance their quality of life. Such demands are expected to endure over the long term. In addition, rural customers prefer providers of production and life services that offer credit options. According to the Survey, approximately 42.0% of rural customers pay in installments when making purchases.

- **Unmet Service Needs:** Rural customers lack customized products and services to address their needs in agricultural production and daily life, as well as channels that deliver them effectively. In addition, as rural customers often may be less familiar with financial products and services such as loans and insurance, they need more in-person guidance from the staff of financial service providers to assist with their decision making, while financial institutions generally lack sufficient local branches or well-trained local operation teams to offer effective in-person services. Due to large areas and low population densities in the rural market, it takes a long time for players to establish strong operating networks. Only those with such capabilities are able to fulfill rural customers' demands, continuously attract and retain customers as well as enhance customer engagement.

MAJOR SERVICES IN CHINA RURAL MARKET

Major services in China's rural market include rural inclusive credit services, agricultural production services and rural consumer goods and services. Rural inclusive credit services serve as a foundation of production and consumption transactions by providing funds necessary to finance purchases, thereby expanding rural customers' access to agricultural production services as well as rural consumer goods and services. Agricultural production services focus on providing necessary agricultural inputs, equipment and services to rural customers to help them achieve their production goals. Rural consumer goods and services address the daily life needs of customers, such as rural consumption and insurance. Product and service offerings in China's rural market are becoming increasingly diversified and are expected to continue to evolve in response to the changing demands of rural customers.

The following diagram illustrates the major services of China's rural market.



Note: Agricultural inputs and equipment include the materials or machines that are necessary for the agricultural production such as pesticide, fertilizer, seed, among others.

Source: Frost & Sullivan Report

GROWTH DRIVERS OF CHINA RURAL MARKET

According to the Frost & Sullivan Report, the growth of China's rural market has been driven by the following factors:

- ***The National Strategies and Policies Support.*** Solving the issues relating to the "three rural" sector has been a national priority of the Chinese government. In each year since 2004, China's "No.1 Central Document", the first policy statement issued by China's central authority in such year, has focused on resolving issues related to the "three rural" sector. In particular, the "No.1 Central Document" in 2018 rolled out the "rural revitalization" strategy, further emphasized the dedication of the Chinese government to accelerate the modernization of agriculture and rural areas. Powered by these national strategies and policies, it is expected that traditional agriculture will embrace new development opportunities, the rural market will usher in the transition to digitalization and advanced technologies, and products and services in the rural market will undergo a comprehensive upgrade. Demands for agricultural production services, rural consumer goods and services and inclusive credit services is expected to continue to grow.

- ***Growing Disposable Income per Capita in Rural Areas.*** The gradual increase in disposable income per capita in rural areas has driven an increase in spending power and in turn contributed to improvements in agricultural production efficiency and quality of life. Annual disposable income per capita in China's rural market is expected to grow at a CAGR of 6.7% from approximately RMB21,744 in 2023 to approximately RMB28,176 in 2027, higher than the 4.8% growth in the urban market. Such growth in disposable income drives demand for agricultural production and daily life, which creates substantial opportunities for companies that can offer product and services customized to rural customers' needs.

- ***Evolving and Diversified Demands Underserved by Traditional Financial Institutions, Manufactures, Merchants and Other Service Providers.*** Rural customers face pain points that leave their communities underserved by traditional financial institutions, manufacturers, merchants and other service providers. They lack products and services that are tailored to the needs of rural customers, as well as channels that deliver them effectively. With the increase in the spending power of rural customers, such unmet demands keep involving and growing. As a result, those financial institutions, manufacturers, merchants and other service providers that are able to provide products and services that are customized to the needs of rural customers are well positioned to excel in competitions.

- ***Omni-channel Services.*** Increased Internet penetration, combined with local service networks, have accelerated and will continue to accelerate the growth of agricultural production services, rural consumer goods and services and inclusive credit services in the rural market. The rural mobile Internet penetration rate increased from 38.4% in 2018 to 61.9% in 2022, and is expected to further increase to 80.6% in 2027. Online sales channels have enabled financial institutions and merchants to acquire customers and promote high-quality products and services at lower costs. On the other hand, offline operation teams can offer efficient delivery and in-person training on products and services, which also contributes to growth in the rural market. According to the Survey, 56.1% of rural customers consider offline channels to be their main source for acquiring agricultural inputs and equipment.

CHINA RURAL INCLUSIVE CREDIT MARKET

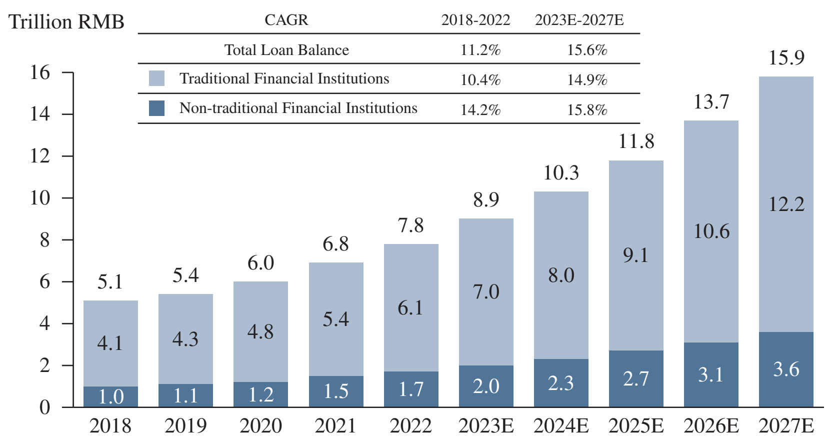
Overview of the China Rural Inclusive Credit Market

China's rural inclusive credit market encompasses loans obtained by small-scale farmers and small rural business owners from financial institutions with a principal amount of up to RMB200,000. Inclusive credit services are primarily used by small-scale farmers and small rural business owners to support agricultural production, facilitate business operation and satisfy daily consumption needs.

According to the Frost & Sullivan Report, China's rural inclusive credit market has grown from RMB5.1 trillion in 2018 to RMB7.8 trillion in 2022, with a CAGR of 11.2% from 2018 to 2022. However, there are still substantial unmet demands for credit, especially in rural areas that are underserved. According to the Frost & Sullivan Report, it is estimated that rural customers have unmet credit needs totaling RMB10.8 trillion, signifying that demand is 1.4 times higher than what the rural inclusive credit market can currently provide. In addition, according to the Frost & Sullivan Report, in the future, as agricultural production and rural consumer goods and services market continues grow in scale, the rural inclusive credit market is expected to achieve continuous growth, reaching RMB15.9 trillion in 2027, with a CAGR of 15.6% from 2023 to 2027.

We illustrate below the size and forecasted growth of rural inclusive credit market in China from 2018 to 2027.

Market Size of Inclusive Credit, China Rural Market, 2018-2027E



Note: The market size refers to the amount of loan balance contributed by traditional financial institutions and non-traditional financial institutions.

Source: Frost & Sullivan Report

The two main types of players in China's rural inclusive credit market are:

(i) traditional financial institutions, including commercial banks, rural banks such as rural credit cooperatives and local county banks; and

(ii) non-traditional financial institutions, mainly including microcredit companies and Internet finance platforms.

Compared with traditional financial institutions, non-traditional financial institutions generally adopt a risk control practice tailored to the rural market, enabling them to review and approve loan applications from rural residents faster with more flexible requirements.

Overview of Rural Inclusive Credit Market by Non-traditional Financial Institutions

Compared with traditional financial institutions, non-traditional financial institutions are able to reach larger numbers of customers. In the rural market, non-traditional financial institutions either fund loans directly or facilitate loans funded by partner financial institutions. According to the Frost & Sullivan Report, the balance of loans obtained through non-traditional financial institutions, including both self-funded loans and facilitated loans, in China's rural inclusive credit market grew from RMB1.0 trillion in 2018 to RMB1.7 trillion in 2022, with a CAGR of 14.2% from 2018 to 2022, and is expected to reach RMB3.6 trillion in 2027, with a CAGR of 15.8% from 2023 to 2027.

Among all non-traditional financial institutions, there are some that specifically target the rural market to address rural customers' underserved needs for credit. The balance of loans obtained through such non-traditional financial institutions in China's rural inclusive credit market increased from RMB114.4 billion in 2018 to RMB188.2 billion in 2022 with a CAGR of 13.3%, and is expected to further increase to RMB370.2 billion in 2027, with a CAGR of 14.9% from 2023 to 2027.

Loans obtained through non-traditional financial institutions primarily include loans for production and operation purposes as well as loans for consumption purposes. Loans for production and operation purposes account for the majority of such market, with an outstanding balance of RMB1.0 trillion in 2022. The balance of loans for production and operation purposes increased from RMB0.5 trillion in 2018 to RMB1.0 trillion in 2022, with a CAGR of 18.9% and is expected to further increase to RMB2.0 trillion in 2027, with a CAGR of 16.1% from 2023 to 2027.

Pain Points of China Rural Inclusive Credit Market

Both traditional and non-traditional financial institutions with purely online operations have difficulties satisfying the growing demand for credit products in the rural market. Traditional financial institutions generally adopt more rigid standards in reviewing loan applications, requiring extensive credit records, valuable collateral and detailed materials from borrowers. Compared with urban customers, rural customers generally may not have stable incomes, may have limited or no credit history, and may not have acceptable collateral. As a result, rural customers face difficulties in obtaining loans from traditional financial institutions. In addition, traditional financial institutions need more time to complete their review and approval processes, which makes it hard for them to satisfy the imminent credit demands of some rural customers. On the other hand, non-traditional financial institutions with purely online operations rely heavily on customer data in reviewing and processing loan applications. However, as rural customers generally do not have sufficient credit information, it can be hard for such financial institutions to collect the customer information they need to accurately assess their credit risks and repayment capabilities. In terms of customer services, rural customers are less familiar with financial products, including loans, and tend to rely more on in-person services. Both traditional and non-traditional financial institutions with purely online operations, however, often lack robust and efficient local operation teams to provide rural customers with such in-person services.

On the other hand, non-traditional financial institutions that have strong omni-channel service capabilities are well-positioned to address such unmet credit demands. Due to large areas and low population densities in the rural market, it takes a long time and considerable investment for new players to develop local operation capabilities. On the other hand, companies that have been dedicated to serving rural markets for a long time have accumulated deep experience and know-how, which gives them a competitive edge in reaching a wider range of customers as well as attracting and retaining them in a cost-effective manner.

Key Trends of Non-traditional Financial Institutions in China's Rural Inclusive Credit Market

Increasing Importance of Technologies

Technologies play an integral role in the success of non-traditional financial institutions. Due to low population density in vast rural areas, non-traditional financial institutions that purely rely on offline networks face difficulties in scaling up their businesses while maintaining high operational efficiency and risk management capabilities. On the other hand, technologies such as customer relationship management systems, intelligent risk management tools and repayment tracking tools empower offline operation teams to attract and retain customers, which enables non-traditional financial institutions to increase their customer base and keep enhancing their risk management capabilities.

Integrated Services

Rural customers have increasing demands for integrated services encompassing credit services, agricultural production services as well as rural consumer goods and services. For example, customers applying for loans for agricultural production purposes are natural users of agricultural inputs and equipment. They may also need professional agricultural services that offer a scientific approach to crop and livestock production to improve yields and economic return. As a result, companies that can offer integrated services and have strong cross-selling capabilities will have a strong competitive edge in acquiring customers and enhancing customer engagement.

Capital Liquidity and Asset Quality as Key Success Factors

The core issues faced by non-traditional financial institutions in developing their businesses are their liquidity of funds and asset quality. Adequate capital liquidity enables non-traditional financial institutions to continuously offer loans to their customers. High asset quality is critical for non-traditional financial institutions to secure funds from other financial institutions. As non-traditional financial institutions generally face higher funding costs, the ability to secure sufficient, diversified and low-cost funding will largely determine their profit margins. Non-traditional financial institutions with adequate capital liquidity and high asset quality are more likely to succeed in the market.

Increasing Customer Acquisition Barrier

Despite Internet penetration in rural areas, non-traditional financial institutions still heavily rely on offline networks to effectively convert potential customers into paying customers. Due to geographical dispersion, costs are relatively high to acquire customers offline in the rural market, which poses a barrier to entry for new players in the rural market.

Higher Requirements of Customer Protection and Services

As the credit industry has been subject to enhanced scrutiny, non-traditional financial institutions are subject to extensive legal and regulatory requirements relating to loan approval, post-loan services, collection and borrower protections. In the future, non-traditional financial institutions that are able to satisfy compliance requirements and implement proper customer protection policies in a cost-effective manner will have a unique competitive advantage.

Competitive Landscape

As an integrated services provider to China's rural population, which offers comprehensive services to empower rural residents, we do not have comparable competitors that resemble our business model, according to the Frost & Sullivan Report. Each of our business segments faces competition in its respective market. In terms of our rural inclusive credit services, we primarily target China's rural market. According to the Frost & Sullivan Report, our rural inclusive credit services rank first among non-traditional financial institutions targeting China's rural market in terms of total loan balance as of December 31, 2022. The following table presents the ranking of non-traditional financial institutions targeting China's rural market, as measured by the amount of loan balance as of December 31, 2022:

Ranking	Company	Loan balance *(RMB in billions)*	Market Share *(%)*
1	Chongho Bridge Limited	15.2	8.1
2	Company A(1)	10.2	5.4
3	Company B(2)	4.6	2.4
4	Company C(3)	1.3	0.7
5	Company D(4)	1.1	0.6

Notes:

(1) A company established in 2019 which provides loan services in rural areas by relying on the agricultural resources of another company which operates in modern agriculture and food industry.

(2) An Internet technology financial company established in 2015 which focuses on rural inclusive credit services.

(3) A company established in 2008 focusing on providing inclusive credit services in Ningxia Province.

(4) A company established in 2008 which focuses on inclusive credit services for agricultural households and small and micro businesses.

We address the demands of rural customers which are not fully satisfied by traditional financial institutions and pure-play online platforms. Rural customers may have relatively high credit demands due to agricultural production activities which often involve purchases of agricultural inputs in bulk and large-size equipment. However, traditional financial institutions and pure-play online platforms generally lack strong local operation capabilities to support accurate credit assessment in rural areas, and they face difficulties in fulfilling such demands. In addition, many rural customers still have no online credit history, which prevents them from being able to access credit services of pure-play online platforms. On the other hand, leveraging our strong local service network, we can make comprehensive credit assessments and conduct effective post-loan management through our in-person interactions and covering a wide range of rural customers, which enable us to fulfill their credit demands while prudently controlling credit risks.

CHINA AGRICULTURAL PRODUCTION SERVICES MARKET

Overview of the China Agricultural Production Services Market

Agricultural production services in the rural market comprise (i) the sales of agricultural inputs and equipment, such as seeds, fertilizers, pesticides, feed and agricultural machinery for use in crop and livestock production, (ii) the construction of buildings and structures for use in agricultural production, such as vegetable greenhouses and animal barns, and (iii) agricultural technology supporting services relating to the use of agricultural inputs and equipment.

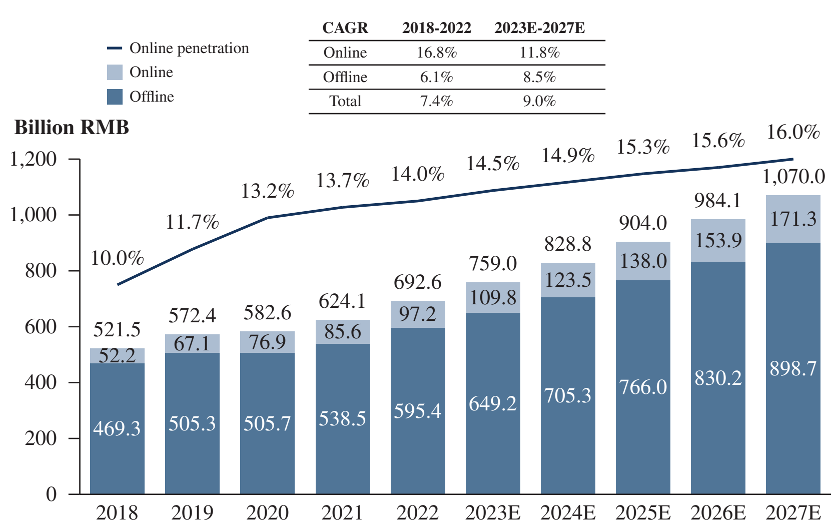
Overview of China Agricultural Inputs and Equipment Market

According to the Frost & Sullivan Report, China is a leading agricultural producer and ranks first globally in terms of grain production and output of many key agricultural products in 2022, such as wheat and rice. The market size of agricultural inputs and equipment in China increased from RMB521.5 billion in 2018 to RMB692.6 billion in 2022, with a CAGR of 7.4%, and is expected to reach RMB1,070.0 billion in 2027, with a CAGR of 9.0% from 2023 to 2027.

Agricultural inputs and equipment traditionally have been sold through offline channels in China. Rural customers used to purchase substantially all agricultural inputs and equipment from brick-and-mortar vendors, local chain outlets and manufacturers' outlets. However, customers are gradually shifting from offline channels to online channels, and online penetration in this market continues to rise. The online market for agricultural inputs and equipment in China is expected to have a higher growth rate than the offline market in the coming years.

We illustrate below the size and forecasted growth of China's agricultural inputs and equipment market and the online penetration in this market from 2018 to 2027.

Market Size of China Rural Agricultural Inputs and Equipment Market, Breakdown by Channels, 2018-2027E



Note: The market size is calculated based on the total transaction volume of agricultural inputs and equipment sold to end consumers in China's rural area.

Source: Frost & Sullivan Report

Pain Points of China Agricultural Production Services Market

Recent growth in the per capita annual disposable income of rural residents has outpaced that of urban residents. But rural customers face pain points that leave their communities underserved. They lack products and services that are tailored to their needs, as well as channels that deliver them effectively. Customers in China's agricultural production services market generally have limited product information and knowledge. Therefore, they may fail to select suitable products and the quality and safety of agricultural inputs and equipment they choose are subject to significant uncertainties. In addition, as the traditional sales model generally involves layers of distributors from the province level to the county level, the transaction process is lengthy and complicated. These factors, along with less-developed logistics infrastructure, have resulted in higher purchase costs for rural customers.

In addition, agricultural production in China still faces various challenges, including a lack of credit services to fund production activities, a lack of technological innovation capabilities, a reluctance to apply scientific methods in corps and livestock production and limited technology service offerings. According to the Frost & Sullivan Report, 35.2% of ordinary rural households face difficulties with agricultural production technology, yet the proportion that accepts or purchases various types of agricultural production services is only between 0.9% and 6.7%, indicating significant opportunities to provide agricultural inputs and services tailored to small-scale farmers and potential for market growth. Rural customers, who generally rely on their knowledge and experience to use agricultural inputs and equipment, are calling for more advanced agricultural inputs and equipment as well as user-friendly, convenient and professional technological guidance to further improve their production efficiency. Therefore, there is significant growth potential for agricultural production services in the rural market.

Key Trends in China's Agricultural Production Services Market

In recent years, with the rapid development of smartphones and increased penetration of e-commerce, rural customers in China have begun purchasing agricultural inputs and equipment from online channels instead of purely from local vendors. Online platforms generally offer rural customers diversified and customized credit solutions, enabling them to make flexible payment arrangements. However, in-person after-sale services, such as guidance on the proper use of agricultural inputs and equipment, are also critical. Companies which are able to provide high-quality agricultural inputs and equipment as well as services for agricultural production on a large scale are well positioned to attract and retain customers. In the agricultural production services market it is therefore essential for merchants to establish both convenient online platforms and local service networks. Such integrated omni-channel service capabilities will enable players to offer quality products at reasonable prices and provide efficient after-sale services, thus maximizing their competitive edge.

Competitive Landscape

According to the Frost & Sullivan Report, we were the largest agricultural inputs and equipment e-commerce platform targeting China's rural market in terms of GMV in 2022, and the fastest-growing platform in terms of GMV in 2022 among all of the key players in China's rural online agricultural inputs and equipment market. Compared with companies targeting the national market, our deep roots and strong operating capabilities in rural areas give us unique advantages in attracting and retaining customers, enhancing customer engagement and promoting our products and services in rural markets.

The following table presents the ranking of key players in China's rural online agricultural inputs and equipment market, as measured by GMV in 2022:

Ranking[(1)]	**Company**	**Targeted Market**	**GMV**	**Market Share**	**Growth rate from 2021 to 2022**
			(RMB in billions)	*(%)*	*(%)*
1	Company H[(2)]	National	13.81	14.2	5.3
2	Company I[(3)]	National	9.32	9.6	39.8

Ranking[1]	Company	Targeted Market	GMV	Market Share	Growth rate from 2021 to 2022
			(RMB in billions)	*(%)*	*(%)*
3	Company J[4]	National	6.19	6.4	13.5
4	Company K[5]	National	5.08	5.2	110.1
5	Company L[6]	National	3.53	3.6	7.3
6	Chongho Bridge Limited	Rural	0.95	1.0	127.4
7	Company M[7]	Rural	0.46	0.5	8.2
8	Company N[8]	Rural	0.42	0.4	92.7
9	Company O[9]	Rural	0.36	0.4	14.9
10	Company P[10]	Rural	0.14	0.1	12.9

Notes:

(1) The ranking is based on GMV of agricultural inputs and equipment sold to end consumers.

(2) An e-commerce platform, which was established in 2003 and is headquartered in Hangzhou. It is owned by a company listed on NYSE and HKEx.

(3) A comprehensive e-commerce platform that started as an agricultural product retail platform, which was established in 2015 and is headquartered in Shanghai. It is listed on NASDAQ.

(4) A short video and live streaming platform, which was established in 2011 and is headquartered in Beijing. It expanded its e-commerce business in 2018. It is listed on HKEx.

(5) A mainstream short video social platform, which was established in 2016 and is headquartered in Beijing. It expanded its e-commerce business in 2020.

(6) A comprehensive e-commerce platform, which was established in 1998 and is headquartered in Beijing. It is listed on NASDAQ and HKEx.

(7) An agricultural service platform focusing on providing high-quality agricultural products and production solutions in rural areas, which was established in 2014 and is headquartered in Shenzhen.

(8) An agricultural inputs e-commerce platform mainly offering pesticides, fertilizers and other agricultural related products, which was established in 2015 and is headquartered in Shandong.

(9) A commerce platform dedicated to providing quality merchandise and services to China's lower-tier market, which was established in 2010 and is headquartered in Nanjing. It is listed on HKEx.

(10) An agricultural inputs e-commerce platform dedicated to promoting the combination of Internet and agricultural inputs trading, which was established in 2019 and is headquartered in Shanghai.

CHINA RURAL CONSUMER GOODS AND SERVICES MARKET

China's rural consumer goods and services market mainly comprises (i) rural consumption and (ii) insurance services.

As an important part of China's consumer goods and services market, the rural consumption market increased from RMB4.7 trillion in 2018 to RMB5.2 trillion in 2022, representing a CAGR of 2.5%, and is expected to reach RMB7.1 trillion in 2027 with a CAGR of 6.2% from 2023 to 2027. In the rural consumption market, the green durable goods market has great potential for further growth.

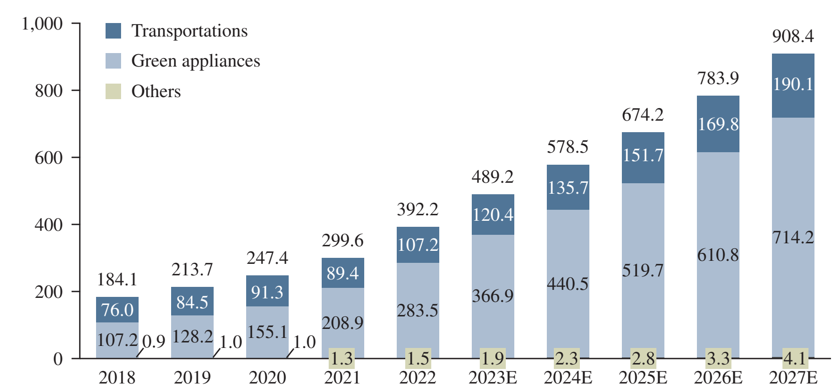
Rural Green Durable Goods Market in China

The rural green durable goods market primarily consists of green appliances, including air-source heat bumps, and new energy vehicles, such as two/three-wheel vehicles and four-wheel electric vehicles. According to the Frost & Sullivan Report, the rural green durable goods market has grown rapidly in recent years, increasing from RMB184.1 billion in 2018 to RMB392.2 billion in 2022, representing a CAGR of 20.8%, and is expected to reach RMB908.4 billion in 2027 with a CAGR of 16.7% from 2023 to 2027.

We illustrate below the size and forecasted growth of the rural green durable goods market in China from 2018 to 2027.

Market Size of China Rural Green Durable Goods Market, Breakdown by Categories, 2018-2027E

CAGR	2018-2022	2023E-2027E
Transportations	9.0%	12.1%
Green appliances	27.5%	18.1%
Others	13.6%	21.2%
Total	**20.8%**	**16.7%**



Notes:

1 Transportation includes two/three-wheel and four-wheel electric vehicles.

2 Green appliances include air-source heat pumps, energy-saving air conditioners, household PV modules, among others.

3 Others include other green durable goods such as biogas treatment equipment.

Source: Frost & Sullivan Report

Green durable goods are typically sold through layers of distributors in the rural market at relatively higher prices with limited after-sale services. These challenges create opportunities for platforms with extensive local service networks and in-depth cooperation with leading manufacturers. In addition, according to the Frost & Sullivan Report, the use of new energy products, such as air-source heat pumps and new energy vehicles, has lowered production and living costs in the rural market and therefore gained popularity. With growing awareness of environmental protection among rural customers and favorable policies in promoting green durable goods, China's rural green durable goods market has great potential for further growth.

China Rural Insurance Market

According to the Frost & Sullivan Report, China's rural insurance market grew from RMB656.4 billion in 2018 to RMB898.3 billion in 2022 with a CAGR of 8.2%, and is expected to reach RMB1,449.8 billion in 2027, with a CAGR of 10.0% from 2023 to 2027. In this market, the insurance premium per capita is expected to reach RMB3,125.6 by 2027, representing a CAGR of 11.2% from 2023 to 2027, outpacing the urban market's CAGR of 7.3% in the same period.

The rural market for insurance products faces a number of challenges, including rural customers' lack of familiarity with insurance products, insufficient local service network, as well as shortages of insurance talents and suitable insurance products tailored to rural customers. On the other hand, such challenges create opportunities for platforms that are able to adapt to the market and offer high service quality.

According to the Frost & Sullivan Report, China's rural insurance market is relatively fragmented compared with the national market. As of December 31, 2022, there were 237 insurance companies and 1,708 insurance agency companies in China. Insurance distribution channels, that have strong omni-channel abilities to acquire customers and provide after-sale service have a significant advantage to seize opportunities in China's huge rural insurance market.

CHINA RURAL HOUSEHOLD PV SERVICES MARKET

Driven by favorable government policies and improved return on investment for the rural household PV industry, many market participants have developed their PV projects in rural areas, which in turn drives demand for construction and maintenance services of PV projects. In recent years China's rural household PV services market has grown rapidly, from RMB2.3 billion in 2018 to RMB15.6 billion in 2022, representing a CAGR of 61.4%, and is expected to reach RMB94.1 billion in 2027 with a CAGR of 36.6% from 2023 to 2027.

SOURCE OF INFORMATION

In connection with the [**REDACTED**], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the markets in which we operate. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We incurred a total of USD94,700 in fees and expenses for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful [**REDACTED**] or on the results of the Frost & Sullivan Report. As part of the preparation of the Frost & Sullivan Report, we also commissioned Frost & Sullivan to conduct digital surveys with 1,800 randomly selected participants in the PRC in 2023 to better understand the credit, production and daily life needs of customers in China's rural market. Frost & Sullivan adopted strict methods and approaches in the customer survey to ensure the rationality, reasonableness and reliability of the sample groups by considering multiple parameters, including but not limited to size and geographical distribution of the samples, age, gender, personal disposable income in each region and whether its approach to selecting samples is similar with other cases. Accordingly, Frost & Sullivan is of the view that the sample selection in this customer survey was conducted in a rational manner and the findings derived from the customer survey could well reflect the general opinions of rural customers in China. We did not commission any other industry report in connection with the [**REDACTED**] other than the Frost & Sullivan Report.

We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the markets in which we operate for potential [**REDACTED**]. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries, there has been no adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

We are subject to a variety of PRC and foreign laws, rules and regulations across numerous aspects of our business. This section sets forth a summary of the most significant laws and regulations that affect our business activities in China. This summary does not purport to be a complete description of all the laws and regulations which are applicable to our business and operations. [**REDACTED**] should note that the following summary is based on relevant laws and regulations in force as of the date of this document, which may be subject to change.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Foreign Investment Law

On March 15, 2019, the National People's Congress promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which became effective on January 1, 2020 and replaced the major former laws and regulations governing foreign investment in the PRC. The Foreign Investment Law, which became effective on January 1, 2020, applies to investment activities conducted by foreign investors 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 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.

According to the Foreign Investment Law and its implementing rules, China adopts a system of pre-entry national treatment plus negative list with respect to foreign investment administration, and the negative list will be proposed by the competent investment department of the State Council in conjunction with the competent commerce department of the State Council and other relevant departments, and be reported to the State Council for promulgation, or be promulgated by the competent investment department or competent commerce department of the State Council after being reported to the State Council for approval. Foreign investment beyond the negative list will be granted national treatment. Foreign investors shall not invest in the prohibited industries as specified in the negative list, while foreign investment must satisfy certain conditions stipulated in the negative list for investment in the restricted industries. The current industry entry clearance requirements governing investment activities in the PRC by foreign investors are set out in two categories, namely the Special Administrative Measures for Entry of Foreign Investment (Negative List) (2021 version) (《外商投資准入特別管理措施(負面清單)》(2021年版)), or the Negative List, and the Encouraged Industry Catalogue for Foreign Investment (2022 version) (《鼓勵外商投資產業目錄》(2022年版)), or the 2022 Encouraged Industry Catalogue, both of which were promulgated by the National Development and Reform Commission of the PRC, or the NDRC, and the Ministry of Commerce of the PRC, or the MOFCOM, and took effect in January 2022 and January 2023 respectively. Industries not listed in the Negative List are generally deemed "permitted" for foreign investment unless otherwise restricted by other PRC laws. Our PRC subsidiaries mainly engage in providing microcredit services and financing solutions to rural customers and merchants, which fall into the encouraged or permitted category. These PRC subsidiaries have obtained all material approvals required for their business operations. The Negative List does not apply to our subsidiaries that are registered and domiciled in Hong Kong, the British Virgin Islands or the Cayman Islands, and operate outside of Chinese Mainland. Industries such as value-added telecommunications services, including Internet information services, are generally restricted to foreign investment pursuant to the Negative List. We conduct business operations that are restricted or prohibited to foreign investment through our variable interest entity.

Pursuant to the Foreign Investment Law and the implementing rules, and the Information Reporting Measures for Foreign Investment (《外商投資信息報告辦法》) jointly promulgated by the Ministry of Commerce and the SAMR, which took effect on January 1, 2020, a foreign investment information reporting system shall be established and foreign investors or foreign-invested enterprises shall report investment information to competent commerce departments of the government through the enterprise registration system and the enterprise credit information publicity system, and the administration for market regulation shall forward the above investment information to the competent commerce departments in a timely manner.

In December 2020, the NDRC and MOFCOM promulgated the Foreign Investment Security Review Measures (《外商投資安全審查辦法》), which took effect in January 2021. Under the Foreign Investment Security Review Measures, foreign investments in military, national defense-related areas or in locations in proximity to military facilities, or foreign investments that would result in acquiring the actual control of assets in certain key sectors, such as critical agricultural products, energy and resources, equipment manufacturing, infrastructure, transport, cultural products and services, IT, Internet products and services, financial services and technology sectors, are required to obtain approval from designated governmental authorities in advance. Although the term "actual control" is not clearly defined under the Foreign Investment Security Review Measures, it is possible that control through contractual arrangement may be regarded as a form of actual control and therefore requires approval from the competent governmental authority. As the Foreign Investment Security Review Measures does not clearly define the term, we cannot rule out the possibility that control through contractual arrangement may be regarded as a form of actual control and therefore require approval from the competent governmental authority.

Foreign Investment Restrictions on Value-added Telecommunications Services

Foreign investment in telecommunications businesses is governed by the State Council's Administrative Rules for Foreign Investment in Telecommunications Enterprises (《外商投資電信企業管理規定》) (the "**Foreign Investment Telecommunications Rules**"), which was amended in March 2022 and became effective in May 2022. According to the amended Foreign Investment Telecommunications Rules, a foreign investor's beneficial equity ownership in an entity providing value-added telecommunications services in China is generally not permitted to exceed 50% unless otherwise allowed by the competent PRC governmental authorities. In addition, the revised Foreign Investment Telecommunications Rules no longer require major foreign investors holding equity in enterprises providing value-added telecommunications services in China to have a good track record and operational experience in providing these services, but the PRC governmental authorities have not promulgated the relevant implementation rules. Based on the Notice regarding the Strengthening of Ongoing and Post Supervision of Foreign Invested Telecommunication Enterprises (《關於加強外商投資電信企業事中事後監管的通知》) issued by the Ministry of Industry and Information Technology of the PRC, or the MIIT, in October 2020, foreign invested telecommunications enterprises will no longer be subject to the requirement for prior MIIT approval. Nonetheless, these enterprises still need to submit the relevant materials to the MIIT to apply for new telecommunications operating permits or amended permits.

Although the Negative List allows foreign investors to hold more than 50% equity interests in a value-added telecommunications service provider engaging in e-commerce, domestic multi-party communications, or storage-and-forward and call center businesses, other requirements provided by the amended Foreign Investment Telecommunications Rules shall still apply.

The Ministry of Information Industry, now known as the MIIT's Notice Regarding Strengthening Administration of Foreign Investment in Operating Value-Added Telecommunications Businesses (《關於加強外商投資經營增值電信業務管理的通知》) (the "**MIIT Notice**") issued in July 2006 prohibits holders of these service licenses from leasing, transferring or selling their licenses in any form, or providing any resource, site or facility, to any foreign investors intending to conduct this type of business in China. In addition to restricting dealings with foreign investors, the MIIT Notice contains a number of detailed requirements applicable to holders of value-added telecommunications service licenses, including that license holders or their shareholders must directly own the domain names and trademarks used in their daily operations and each license holder must possess the necessary facilities for its approved business operations and maintain its facilities in the regions covered by its license, including maintaining its network and providing Internet security in accordance with the relevant regulatory standards. The MIIT or its provincial counterparts have the power to require corrective actions after they discover any non- compliance by license holders, and where license holders fail to take those steps, the MIIT or its provincial counterparts have the power to revoke the value-added telecommunications service licenses.

In December 2016, the MIIT promulgated the Notice on Regulating Telecommunications Services Agreement Matters (《關於規範電信服務協議有關事項的通知》) (the "**Telecommunications Services Agreement Notice**"), which came into effect in February 2017. According to the Telecommunications Services Agreement Notice, telecommunications service providers must require their users to present valid identification certificates and verify the users' identification information before provision of services. Telecommunications service providers are not permitted to provide services to users with unverifiable identity or users who decline to proceed with identity verification.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), or the Telecommunications Regulations, as most recently amended in February 2016, are the primary regulations governing telecommunications services. Under the Telecommunications Regulations, a telecommunications service provider is required to procure operating licenses prior to the commencement of its operations. The Telecommunications Regulations distinguish "basic telecommunications services" from "value-added telecommunications services." Value-added telecommunications services are defined as telecommunications and information services provided through public networks. A catalog was issued as an attachment to the Telecommunications Regulations (《電信業務分類目錄》) to categorize telecommunications services as either basic or value-added, according to which, both of the Internet information services and data processing and transaction processing services are classified as value-added telecommunications businesses.

The Administrative Measures on Telecommunications Business Operating Licenses (《電信業務經營許可管理辦法》), promulgated by the MIIT in 2009 and last amended in July 2017, set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses.

Internet information service is a type of value-added telecommunications service in the current catalog attached to the Telecommunications Regulations, as last updated in June 2019. Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000, and amended on January 8, 2011, "Internet information services" refers to the provision of information through the Internet to online users, and they are categorized into "commercial Internet information services" and "non-commercial Internet information services". A commercial Internet information services operator must obtain a value-added telecommunications services license for Internet information services, which is known as an ICP License, from the relevant government authorities before engaging in any commercial Internet information services operations. No ICP License is required if the operator will only provide Internet information on a non-commercial basis. According to the Administrative Measures on Telecommunications Business Operating Licenses, an ICP License has a term of five years and can be renewed within 90 days before expiration.

REGULATIONS RELATING TO MOBILE APPS

In June 2016, the CAC promulgated the Regulations for the Administration of Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》), which came into effect in August 2016, requiring mobile app providers to, among other things, verify the real identities of registered users through mobile phone numbers or other similar channels; establish and improve procedures for protection of user information; and establish and improve procedures for information content censorship.

If a mobile app provider violates these regulations, mobile app stores through which the mobile app provider distributes its apps may issue warnings, suspend the release of its apps, or terminate the sale of its apps, and/or report the violations to governmental authorities.

In June 2022, the CAC promulgated the revised Regulations for the Administration of Mobile Internet Application Information Services, which came into effect in August 2022 and replaced the then effective Administration of Mobile Internet Application Information Services in 2016. Pursuant to the revised Regulations for the Administration of Mobile Application Information Services, mobile app providers shall comply with relevant provisions on the scope of necessary personal information when engaging in personal information processing activities and shall not compel users to agree to non-essential personal information collection or ban users from their basic functional services due to their refusal of providing unnecessary personal information. In addition, mobile app providers shall, among other things, verify the real identities of registered users; establish and improve procedures for protection of user information and information content censorship, fulfill data security protection obligations and various obligations of minors' protection, and shall not induce users to download the applications by illegal methods or bad information. Furthermore, mobile app providers who launch new technologies, applications or functions with the attribute of public opinion or the ability of social mobilization shall conduct security assessment in accordance with the relevant provisions. If an application provider violates these regulations, application distribution platforms may issue warnings, suspend the release of its applications, or terminate the sale of its applications, and/or report the violations to governmental authorities, and the application provider may be imposed administrative penalty by the CAC and relevant competent authorities in accordance with relevant laws and regulations.

Pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which was issued by the CAC, the MIIT, the Ministry of Public Security, and the SAMR on January 23, 2019, app operators shall collect and use personal information in compliance with the Cybersecurity Law and shall be responsible for the security of personal information obtained from users and take effective measures to strengthen personal information protection. Furthermore, app operators shall not force their users to make authorisations by means of default, bundling, suspending installation or use of the app or other similar means and shall not collect personal information in violation of laws, regulations or breach of user agreements. Such regulatory requirements were emphasised by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests (《關於開展APP侵害用戶權益專項整治工作的通知》) issued by the MIIT on October 31, 2019. On November 28, 2019, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information (《App違法違規收集使用個人信息行為認定方法》). This regulation further illustrates certain common illegal practices of app operators in terms of personal information protection and specifies acts of app operators that will be considered as "collection and use of personal information without users' consent".

According to the Provisions on the Scope of Necessary Personal Information Required for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》) which became effective as of May 2021, clarifying that necessary personal information means the personal information necessary for ensuring the normal operation of the basic functional services of the apps, without which the app cannot perform its basic functional services.

REGULATIONS RELATING TO INTERNET SECURITY

The Decision in Relation to Protection of Internet Security (《關於維護互聯網安全的決定》) enacted by the Standing Committee of the National People's Congress, or the SCNPC in December 2000, as amended in August 2009, provides that the following activities, among others conducted through the Internet, if constitutes a criminal act under PRC laws, are subject to criminal punishment:

- gaining improper entry into a computer or system of strategic importance;
- disseminating politically disruptive information or obscenities;
- leaking state secrets;
- spreading false commercial information;
- infringing intellectual property rights.

The Administrative Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), issued by the Ministry of Public Security on December, 1997 and amended in January 2011, prohibit the use of the Internet in a manner that would result in the leakage of state secrets or the spread of socially destabilizing content. The Provisions on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), promulgated in December 2005 by the Ministry of Public Security require all Internet service providers to keep records of certain information about their users (including user registration information, log in and log out time, IP address, content and time of posts by users) for at least 60 days and submit the above information as required by laws and regulations. Under these measures, value-added telecommunications services license holders must regularly update information security and content control systems for their websites and must also report any public dissemination of prohibited content to local public security authorities. If a value-added telecommunications services license holder violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

The Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) promulgated by the Ministry of Public Security, the State Secrecy Bureau, the State Cipher Code Administration and the Information Office of the State Council on June 22, 2007, divide the security protection of information systems into five grades based on the degree of harm caused by the destruction of the information system to the legitimate rights and interests of citizens, legal persons and other organizations, social public order and public interests and the national security and require the operators of information systems ranking Grade II or above to file an application with the local competent public security authorities within 30 days since the date when its security protection grade is determined or its information system is put into operation.

Internet security in China is also regulated from a national security standpoint. In July 2015, the SCNPC promulgated the PRC National Security Law (《中華人民共和國國家安全法》) (the "**National Security Law**"), which took effect on the same date and replaced the former National Security Law promulgated in 1993. According to the National Security Law, the state shall ensure that the information system and data in important areas are secure and controllable. In addition, according to the National Security Law, the state shall establish national security review and supervision institutions and mechanisms, and conduct national security reviews of key technologies and IT products and services that affect or may affect national security.

In November 2016, the SCNPC promulgated the Cybersecurity Law (《中華人民共和國網絡安全法》), which came into effect in June 2017, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. The Cybersecurity Law defines "networks" as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with certain rules and procedures. "Network operators," who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations including, among others, security protection, user identity verification, cybersecurity emergency response planning and technical assistance.

According to the Cybersecurity Law, network products and service providers must inform users about and report to the relevant authorities any known security defects and bugs, and must provide continuous security maintenance services for their products and services. Network products and service providers shall not contain or provide malware. Network service providers who do not comply with the Cybersecurity Law may be subject to fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses. In addition, the Cybersecurity Law provides that personal information and important data collected and generated by operators of critical information infrastructure in the course of their operations in the PRC should be stored in the PRC, and the law imposes heightened regulation and additional security obligations on operators of critical information infrastructure.

In addition, the PRC Anti-Telecom and Online Fraud Law (《中華人民共和國反電信網絡詐騙法》) was promulgated by the SCNPC in September 2022 and came into effect in December 2022. In order to prevent and curb the telecom and online fraud, the PRC Anti-Telecom and Online Fraud Law reiterates, among others, Internet service providers to obtain real identity information of users before providing certain services including information and software distribution services, etc.

In July 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), effective as of September 2021, which provide that a "critical information infrastructure" refers to an important network facility and information system in important industries such as public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, national economy, people's livelihood, or public interests in the event of their damage, loss of function, or data leakage. The competent governmental authorities and supervision and management authorities of the aforementioned important industries will be responsible for (i) identification of critical information infrastructures in their respective industries in accordance with relevant identification rules, and (ii) promptly notifying the identified operators and the public security department of the State Council of the identification results.

In April 2020, the CAC, the NDRC, the MIIT, and several other governmental authorities jointly issued the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which came into effect in June 2020 and was amended in December 2021 and took effect in February 2022. According to the Cybersecurity Review Measures, the purchase of cyber products and services mainly including core network equipment, high-performance computers and servers, mass storage devices, large databases and application software, network security equipment, cloud computing services, and other products and services that have an important impact on the security of critical information infrastructure which affects or may affect national security is subject to cybersecurity review by the Cybersecurity Review Office. According to the Cybersecurity Review Measures, operators of critical information infrastructure who purchase network products and services and network platform operators who carry out data processing activities that affect or may affect national security shall be subject to cybersecurity review. In addition, network platform operators with personal information of over one million users must apply for a cybersecurity review before [**REDACTED**] abroad. Relevant competent governmental authorities may also initiate cybersecurity review if they determine certain network products, services or data processing activities affect or may affect national security. Article 10 of the Cybersecurity Review Measures also sets out certain general factors that are the focus in assessing the national security risk in a cybersecurity review, including (i) the risks of critical information infrastructure being illegally controlled by any individual or organization or subject to interference or destruction; (ii) the harm caused by the disruption of the supply of the product or service to the continuity of critical information infrastructure business; (iii) the security, openness, transparency and diversity of sources of the product or service, the reliability of supply channels, and risks of supply disruption due to political, diplomatic, trade and other factors; (iv) compliance with PRC laws, administrative regulations and department rules by the provider of the product or service; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, damaged, illegally used, or illegally transmitted overseas; (vi) the risk that critical information infrastructure, core data, important data or a large amount of personal information for a [**REDACTED**] being affected, controlled, and maliciously used by foreign governments, as well as network information security risks; and (vii) other factors that may endanger the security of critical information infrastructure, cybersecurity and data security.

Furthermore, in November 2021, the CAC promulgated Draft Regulations on Network Data Security Management (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Cyber Data Security Regulations**") for public comments, pursuant to which, data processors shall apply for cybersecurity review if they engage in (i) merger, reorganization or division of Internet platform operators with significant data resources related to national security, economic development or public interests that affects or may affect national security; (ii) overseas [**REDACTED**] while processing over one million users' personal information; (iii) Hong Kong [**REDACTED**] that affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. The Draft Cyber Data Security Regulations also provide that operators of large Internet platforms with headquarters, operation centers or R&D centers overseas shall report to the CAC and relevant authorities. The Draft Cyber Data Security Regulations further require data processors processing important data or going public overseas to conduct annual data security self-assessment, and submit the data security assessment report to their respective local branch of the CAC before January 31 each year. Internet platform operators shall also establish and publish data policies and rules on their websites for user comments. In addition, data policies and rules and any material amendments thereof of large Internet platforms with over 100 million daily active users shall be evaluated by a third-party organization designated by the CAC and approved by the respective local branches of the CAC and the MIIT. There is no definite timetable as to whether and when this draft will be enacted. As such, uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation of such measures.

According to the Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) jointly promulgated by the MIIT, the CAC and the Ministry of Public Security, which came into effect in September 2021, network product providers, network operators as well as organizations or individuals engaging in the network product security vulnerability discovery, collection, release and other activities shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. Network product providers are required to report relevant security vulnerability of network products with the MIIT within two days of discovery and provide technical support to network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or becoming aware that their networks, information systems or equipment have security loopholes. According to these provisions, the network product providers and network operators who fail to perform the aforementioned obligations may be subject to administrative penalty in accordance with the Cybersecurity Law.

The CAC is responsible for organizing and implementing cybersecurity reviews, while the competent departments in key industries such as finance, telecommunications, energy and transport shall be responsible for organizing and implementing security review of cyber products and services in their respective industries or fields.

In November 2018, the CAC issued the Provisions on Security Assessment of the Internet Information Services with Public Opinion Attributes or Social Mobilization Capacity (《具有輿論屬性或社會動員能力的互聯網信息服務安全評估規定》), which came into effect in November 2018. The provisions require providers of Internet information services to conduct security assessments on their Internet information services if their services include functions that provide channels for the public to express opinions or have the capability of mobilizing the public to engage in specific activities. Providers of Internet information services must conduct self-assessment on, among other things, the legality of new technology involved in the services and the effectiveness of security risk prevention measures, and file the assessment report with the local competent cyberspace administration authority and public security authority.

In September 2021, the CAC and the SAMR, together with several other governmental authorities, jointly issued the Guidelines on Strengthening the Comprehensive Regulation of Algorithm for Internet Information Services (《關於加強互聯網信息服務算法綜合治理的指導意見》), which provide that relevant regulators shall carry out daily monitoring of data use, application scenarios and effects of algorithms, and conduct security assessments of algorithm, and that an algorithm filing system shall be established and classification and hierarchical security management of algorithms shall be adopted. In December 2021, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly promulgated the Algorithm Recommendation Provisions (《互聯網信息服務算法推薦管理規定》), which came into effect in March 2022. The Algorithm Recommendation Provisions implement the classification and hierarchical management of algorithm recommendation service providers based on various criteria, and stipulate that algorithm recommendation service providers shall clearly inform users of their provision of algorithm recommendation services, and properly publicize the basic principles, intentions, and main operating mechanisms of algorithm recommendation services, and that algorithm recommendation service providers selling goods or providing services to consumers shall protect consumers' rights of fair trade, and are prohibited from carrying out illegal conduct such as unreasonable differentiated treatment on transaction conditions based on consumers' preferences, purchasing habits, or such other characteristics.

REGULATIONS RELATING TO DATA AND PRIVACY PROTECTION

Under the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), Internet service providers are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes upon the lawful rights and interests of others. Depending on the nature of the violation, Internet service providers may face criminal charges or sanctions by PRC public security authorities for these acts, and may be ordered to temporarily suspend their services or have their licenses revoked. Under the rules issued by the MIIT, ICPs are also prohibited from collecting any personal user information or providing any information to third parties without the consent of the user.

The Cybersecurity Law provides an exception to the consent requirement where the information is anonymous, not personally identifiable and unrecoverable. Network operators must expressly inform the users of the method, content and purpose of the collection and processing of user's personal information and may only collect information necessary for its services. Network operators are also required to properly maintain the user personal information, and in case of any leak or likely leak of the user's personal information, network operators must take remedial measures immediately and report to relevant competent authority in accordance with law. The PRC regulatory authorities retain the power and authority to order network operators to provide an Internet user's personal information if a user posts any prohibited content or engages in any illegal activities through the Internet. According to the Cybersecurity Law, individuals may request that network operators make corrections to or delete their personal information in case the information is wrong or was collected or used beyond an individual's agreement with network operators.

In June 2021, the SCNPC promulgated the Data Security Law (《數據安全法》) which took effect in September 2021. The Data Security Law provides for data security and privacy obligations of entities and individuals carrying out data activities, prohibits entities and individuals in China from providing any foreign judicial or law enforcement authority with any data stored in China without approval from the competent PRC authority, and sets forth the legal liabilities of entities and individuals found to be in violation of their data protection obligations, including rectification order, warning, fine, suspension of relevant business, and revocation of business permits or licenses. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used, and an appropriate level of protection measures is required to be taken for the respective categories of data, for example, the processor of important data shall designate the personnel and management institution responsible for the data security, carry out risk assessment for its data processing activities and file the risk assessment report with the competent authorities. In addition, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information.

On May 28, 2020, the National People's Congress adopted the PRC Civil Code (《中華人民共和國民法典》) (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 such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, store, use, process or transmit personal information of others, or illegally provide or disclose personal information of others. Personal information of natural persons refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify the natural persons' names, date of birth, ID numbers, biometric information, addresses, telephone numbers, e-mail addresses, health information, whereabouts, etc. The Civil Code revised the Internet tort liability and further elaborated on "safe harbour" rule with respect to an Internet service provider from both the aspects of notice and counter notice, including (i) upon receiving notice from the right holder that any network users infringe on his/her civil rights, promptly adopting necessary protective measures such as deletion, screening or disconnection of hyperlinks and referring right holders' notice to disputed Internet user; and (ii) upon receiving counter-notice from the disputed Internet user, referring such counter-notice to the claiming right holder and informing him/her to take other corresponding measures such as filing complaint with competent authorities or suit with courts. The Civil Code also provides that where the Internet service provider knew or should have known the infringing acts of the network user but take no necessary measures, it shall be jointly and severally liable with such Internet user.

In August 2021, the Standing Committee of the National People's Congress promulgated the Personal Information Protection Law (《個人信息保護法》) which took effect in November 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, using a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information.

Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities handling personal information shall bear responsibility for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, personal information processors could be subject to liability for their processing activities, including rectification, or suspension or termination of their provision of their services as well as confiscation of illegal income, fines or other penalties. As the Data Security Law, the Personal Information Protection Law and relevant rules and regulations are constantly evolving and may be amended from time to time, we may be required to make further adjustments to our business practices to comply with these laws, rules and regulations.

In July 2013, MIIT promulgated the Regulations 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》), or Regulations on Network Information Protection, effective on 1 September 2013, to enforce the Network Information Protection Decision by the Standing Committee of the PRC National People's Congress (《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》) promulgated in December 2012, with the goal of enhancing and protecting information security and privacy on the Internet. The Regulations on Network Information Protection require Internet information service providers to take various measures to ensure the privacy and confidentiality of user information, including supervision and management over those third-party services provided by Internet information service providers.

REGULATIONS RELATING TO MICROCREDIT COMPANIES AND PARTNER BANKS

Microcredit Companies

Companies engaged in microcredit business are primarily regulated by the provincial governments of provinces in where they are established, pursuant to the Guidance on the Pilot Program for Microcredit Companies (《關於小額貸款公司試點的指導意見》) (the "**Microcredit Companies Guidance**"), which was jointly issued by the People's Bank of China, or the PBOC, and the former China Banking Regulatory Commission, or the CBRC, with immediate effect on May 4, 2008. The Microcredit Companies Guidance also sets out requirements on various aspects of microcredit companies, including their legal forms, incorporation process, capital sources, capital utilization, interest rate, loss provision and supervisory policies. Internet microcredit businesses should comply with the regulations on microcredit business. As our licensed microcredit companies were established across 15 provincial regions as of the Latest Practicable Date, they are subject to the rules and regulations adopted by the local provincial governments with respect to microcredit companies.

On December 1, 2017, the Office of Internet Finance Risk Rectification Special Task Force and the Office of Online Peer-to-Peer Lending Risk Rectification Special Task Force, established by the PBOC, the former CBRC and other PRC regulatory agencies, jointly issued the Circular on Regulating and Rectifying of "Cash Loan" Services (《關於規範整頓"現金貸"業務的通知》) (the "**Circular 141**"). Circular 141 aims to regulate "cash loan" operations in China and outlines the general principles for "cash loan" services. It also sets out requirements and limitations for online microcredit services.

On September 7, 2020, the CBIRC issued the Notice of the General Office of the CBIRC on Strengthening Supervision and Administration of Microcredit Companies (《中國銀保監會辦公廳關於加強小額貸款公司監督管理的通知》) (the "**Microcredit Companies Notice**"). The Microcredit Companies Notice stipulates that microcredit companies mainly operate in the lending business and the amount of their external financing are limited. Specifically, the balance of financing of microcredit companies through non-standardized forms of financing such as bank and shareholder loans shall not exceed its net assets; the balance of financing of microcredit companies through the issuance of bonds, asset securitization products and other standardized debt assets shall not exceed four times of its net assets. The Microcredit Companies Notice also sets out a number of provisions on various aspects of microcredit companies business operations, including petty sum and decentralization, loan usage, operating areas, interest rates and prohibited behaviors. In particular, microcredit companies should strengthen their capital management and improve their operating systems, including prelending investigation, investigation during and after lending, separation of loans and risk classification of loans. In addition, microcredit companies should improve a number of business practices, such as standardizing debt collection procedures, enhancing information disclosure, maintaining proper client information and cooperating with supervision and inspection.

On December 29, 2020, the Supreme People's Court of the PRC issued the Reply of the Supreme People's Court on the Scope of Application of the New Judicial Interpretation of Private Lending (《最高人民法院關於新民間借貸司法解釋適用範圍問題的批覆》), which takes effect on January 1, 2021 and provides that disputes arising from financial business of seven types of local financial institutions, including microcredit company, financial guarantee companies, regional equity markets, pawnshops, financial leasing companies, commercial factoring companies, local asset management companies that are supervised by financial regulatory authorities, are not subject to the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Laws in the Hearing of Private Lending Cases (Revised for the Second Time in 2020) (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定(2020第二次修正)》).

In November 2020, the CBIRC, and the PBOC, published the draft Interim Measures for Online Microcredit Business, or the Draft Online Microcredit Measures (《網絡小額貸款業務管理暫行辦法(徵求意見稿)》), for public comment. The Draft Online Microcredit Measures provide, among others, that:

- an online microcredit company must obtain the CBIRC's approval before carrying out online microcredit business across two or more provinces;

- an online microcredit company shall provide at least 30% funding for any single co-lending loan and keep its overall debt financing amount within five times of its net assets;

- the amount of the balance of the loan that an online microcredit company may provide to an individual or entity shall not exceed, in the case of an individual, the lower of RMB300,000 or one third of the individual's average annual income for the past three years, and, in the case of a legal person or organization, RMB1 million; and

- the registered capital of an online microcredit company shall be not less than RMB1 billion and shall be paid up at one time, and if an online microcredit company operates on a cross-provincial level, its registered capital shall be not less than RMB5 billion and shall be paid up at one time.

Under the Draft Online Microcredit Measures, existing online microcredit companies with businesses across provinces will have a three-year transition period to obtain the required approval and adjust their businesses as necessary to be in compliance with these measures. The Draft Online Microcredit Measures, if enacted in substantially the form published for public comment, will change regulatory requirements for online microcredit business in various other respects.

Partner Banks

On July 12, 2020, the CBIRC issued the Provisional Regulatory Measures for Commercial Banks Online Lending Business (《商業銀行互聯網貸款管理暫行辦法》) (the "**Online Lending Measures**"), which was recently amended on June 21, 2021, to provide for the regulatory requirements on the extension of credit by commercial banks via online channels in various aspects. The Online Lending Measures explicitly prohibit borrowers from purchasing real property, stocks, bonds, futures, financial derivatives, and asset management products and making other riskier investments with bank loans issued online. In addition, according to the Online Lending Measures, commercial banks should cap online consumer credit lines for each customer at RMB200,000, and the credit extension period should not exceed one year if the principal is repaid in a lump sum upon maturity. Although the Online Lending Measures have not restricted the establishment of uniform quantitative indicators for local commercial banks to carry out cross-regional Internet loan business, commercial banks are required to conduct such business prudently based on their own risk control capability and build a comprehensive risk management system for online lending business (including co-lending business). Meanwhile, the Online Lending Measures tighten the requirement on the co-lending business between banks and online lending and consumer finance lenders and prohibit banks from co-lending to customers with institutions that do not possess proper lending licenses.

On July 12, 2022, the CBIRC issued the Notice of Strengthening the Administration of the Internet Loan Business of Commercial Banks and Improving the Quality and Efficiency of Financial Services (《關於加強商業銀行互聯網貸款業務管理提升金融服務質效的通知》), which further requires commercial banks to strengthen their risk control and regulate the cooperation with third-party institutions in online loan business, including: (i) commercial banks shall enter into separate cooperation agreements in respect of joint capital contribution, information technology cooperation and other business cooperation, respectively, for clarifying rights and responsibilities of each party; (ii) commercial banks shall fulfill the primary responsibility in respect of loan administration. If Internet loans involve cooperation with cooperative institutions in, for example, marketing, payment and settlement, and information technology, commercial banks shall strengthen the management of core risk control links, and shall not lower risk control standards due to business cooperation; (iii) commercial banks shall strengthen information and data management, and the written agreements signed by a commercial bank with a cooperative institution shall clearly specify the specific requirements for submission of relevant information. This notice provides a transitional period for the existing online loan business of commercial banks until June 30, 2023. These rules also apply to branches of foreign banks, trusts, consumer finance companies and auto finance companies.

REGULATIONS RELATING TO ANTI-MONEY LAUNDERING

The PRC Anti-money Laundering Law (《中華人民共和國反洗錢法》), which became effective on January 1, 2007, sets forth the principal anti-money laundering requirements applicable to both financial and non-financial institutions with anti-money laundering obligation including the adoption of precautionary and supervisory measures, establishment of various systems for client identification, preservation of clients' identification information and transactions records, and reports on block transactions and suspicious transactions.

The Measures for the Supervision and Administration of Anti-Money Laundering and Counter-Terrorist Financing of Financial Institutions (《金融機構反洗錢和反恐怖融資監督管理辦法》) promulgated by the PBOC effective as of August 1, 2021 further expand entities subject to anti-money laundering and counter-terrorist financing requirements to consumer finance companies and loan companies, non-banking payment institutions, online microfinance companies and institutions engaging in professional insurance agency, and insurance brokerage businesses.

REGULATIONS RELATING TO PRODUCT QUALITY AND CONSUMER PROTECTION

The Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), which was promulgated by SCNPC on February 22, 1993 and most recently amended on December 29, 2018, applies to all production and sale activities in China. Pursuant to this law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product's manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), or the Civil Code, which was promulgated on May 28, 2020 and became effective on January 1, 2021, the infringed party may claim for compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage. Where the product defects are caused by the producers, the sellers shall have the right to recover the same from the producers after paying compensation. If the products are defective due to the fault of the seller, the producer may, after paying compensation, claim the same from the seller.

Our e-commerce business is subject to a variety of consumer protection laws, including the PRC Consumer Rights and Interests Protection Law (《中華人民共和國消費者權益保護法》), as amended and effective as of March 15, 2014, and the Measures for the Supervision and Administration of Online Trading (《網絡交易監督管理辦法》) promulgated by the SAMR on March 15, 2021 as effective as of May 1, 2021, or the Online Trading Measures, both of which have imposed stringent requirements and obligations on business operators, including Internet business operators and platform service providers. For example, consumers are entitled to return goods purchased online, subject to certain exceptions, within seven days upon receipt of goods for no reason. On January 6, 2017, the SAIC issued the Interim Measures for No Reason Return of Online Purchased Commodities within Seven Days (《網絡購買商品七日無理由退貨暫行辦法》), which came into effect on March 15, 2017 and was amended on October 23, 2020, further clarifying the scope of consumers' rights to make returns without a reason, including exceptions, return procedures and online marketplace platform providers' responsibility to formulate seven-day no-reason return rules and related consumer protection systems, and supervise the merchants for compliance with these rules. To ensure that merchants and service providers comply with these laws and regulations, the platform operators are required to implement rules governing transactions on our platform, monitor the information posted by merchants and service providers, and report any violations by merchants or service providers to the relevant authorities. In addition, online marketplace platform providers may, pursuant to PRC consumer protection laws, be subject to liabilities if the lawful rights and interests of consumers are infringed in connection with consumers' purchase of goods or acceptance of services on online marketplace platforms and the platform service providers fail to provide consumers with the contact information of the merchant or manufacturer. In addition, platform service providers may be jointly and severally liable with merchants and manufacturers if they are aware or should be aware that the merchant or manufacturer is using the online platform to infringe upon the lawful rights and interests of consumers and fail to take measures necessary to prevent or stop this activity.

Failure to comply with these consumer protection laws could subject us to administrative sanctions, such as the issuance of a warning, confiscation of illegal income, imposition of a fine, an order to cease business operations, revocation of business licenses, as well as potential civil or criminal liabilities.

REGULATIONS RELATING TO AGRICULTURAL SERVICES AND PRODUCTS

Pursuant to the Measures for the Administration of Pesticide operation Licensing (《農藥經營許可管理辦法》), which was promulgated by the Ministry of Agriculture and Rural Affairs on June 21, 2017 and amended on December 6, 2018, enterprises who conduct sales of pesticides shall obtain the pesticide operation licenses and subject to the filing duty to upload or file the seasonal pesticide sales data to the administration platform designated by competent authorities.

The Measures for the Administration of Fertilizer Registration (《肥料登記管理辦法》), which was promulgated by the former Ministry of Agriculture on June 23, 2000, and mostly amended on January 7, 2022, requires agricultural fertilizer products shall be registered in competent authorities monitored by the Ministry of Agriculture and Rural Affairs before circulate in market and agricultural fertilizer product manufacturers properly established are entitled to file registration for their products in compliance with the applicable laws and regulations.

REGULATIONS RELATING TO E-COMMERCE

The Provisions on the Procedures for Formulating Transaction Rules of Third-Party Online Retail Platforms (Trial) (《網絡零售第三方平台交易規則制定程序規定(試行)》) was promulgated by the Ministry of Commerce on December 24, 2014 to guide and regulate the formulation, revision and enforcement of transaction rules by third-party online retail platforms operators.

In August 2018, the SCNPC promulgated the E-Commerce Law of the PRC (《中華人民共和國電子商務法》), which imposes a series of requirements on e-commerce operators including e-commerce platform operators, merchants operating on the platform and the individuals and entities carrying out business online. According to the E-commerce Law, e-commerce operators who provide search results based on consumers' characteristics such as hobbies and consumption habits shall also provide consumers with options that are not targeted at their personal characteristics at the same time, and respect and fairly protect the legitimate interests of consumers. The E-commerce Law requires e-commerce platform operators to, among other things, verify and register the identities, addresses, contacts and licenses of merchants who apply to provide goods or services on their platforms, establish registration archives and update this information on a regular basis; submit the identification information of the merchants on their platforms to market regulatory administrative authorities as required and remind the merchants to complete registration with market regulatory administrative authorities; submit identification information and tax-related information to tax authorities as required in accordance with the laws and regulations regarding the administration of tax collection and remind the individual merchants to complete the tax registration; and establish intellectual property rights protection rules and take necessary measures against infringement of intellectual property rights by merchants on their platforms.

In addition, e-commerce platform operators are not allowed to impose unreasonable restrictions over or add unjustified conditions to transactions concluded on their platforms by merchants, or charge merchants operating on their platforms any unreasonable fees.

According to the E-commerce Law, e-commerce platform operators are required to assume joint liability with the merchants and may be subject to warnings and fines up to RMB2,000,000 where (i) they fail to take necessary actions where they know or should have known that the products or services provided by the merchants on the platform do not meet personal and property security requirements, or otherwise infringe upon consumers' legitimate rights; or (ii) they fail to take necessary actions, such as deleting and blocking information, disconnecting, terminating transactions and services, where they know or should have known that the merchants on the platform infringe upon the intellectual property rights of others. With respect to products or services affecting consumers' health and safety, e-commerce platform operators will be held liable if they fail to review the qualifications of merchants or fail to safeguard the interests of consumers, and may be subject to warnings and fines up to RMB2,000,000.

In addition, the Online Trading Measures further strengthen the administration and supervision of online trading activities, and impose a series of regulatory requirements on new forms of online trading, such as online social networking e-commerce and online livestreaming e-commerce. The Online Trading Measures expressly prohibit an online transaction platform operator from unreasonably restricting or setting any unreasonable conditions on transactions on its platform and interfering with merchants' independent business operations. Furthermore, the Online Trading Measures require e-commerce platform operators to verify and update each merchant's profile on a regular basis and monitor their market participant registration status.

REGULATIONS RELATING TO INSURANCE AGENCY COMPANIES

In November 2020, the CBIRC promulgated the Provisions on the Supervision and Administration of Insurance Agencies (《保險代理人監管規定》), which took effect on January 1, 2021 and replaced the Provisions for the Supervision and Administration of Professional Insurance Agencies (《保險專業代理機構監管規定》) issued in September 2009, pursuant to which an "insurance agency" refers to an agent that is instructed by and receives commissions from insurance companies to handle insurance services to the extent authorized by the insurance companies, including professional insurance agencies, sideline insurance agencies, and individual insurance agents. Professional insurance agencies and the sideline insurance agencies who are legal persons must obtain license relating to insurance agency operations from the CBIRC.

In July 2015, the former China Banking Regulatory Commission issued the Interim Measures for the Regulation of Internet Insurance Business (《互聯網保險業務監管暫行辦法》) (the "**Internet Insurance Interim Measures**") pursuant to which no institutions or individuals other than insurance institutions (namely, insurance companies, insurance agency companies, insurance brokerage companies and other qualified insurance intermediaries) may engage in the Internet insurance business. Under the Internet Insurance Interim Measures, insurance institutions are allowed to conduct Internet insurance business through both self-operated online platforms and third-party online platforms. Self-operated online platforms refer to online platforms duly set up by insurance institutions. Third-party online platforms refer to online platforms providing network supporting services for Internet insurance business activities of insurance consumers and insurance institutions. Both self-operated online platforms and third-party online platforms are required to meet certain conditions and are subject to certain requirements. The Measures for the Regulation of Internet Insurance Business (《互聯網保險業務監管辦法》) (the "**Regulatory Measures**") were promulgated by CBIRC on December 7, 2020, came into effect on February 1, 2021 and replaced the Internet Insurance Interim Measure. According to the Regulatory Measures, "Internet insurance business" refers to insurance operating activities such as conclusion of insurance contracts and provision of insurance services that are conducted by insurance institutions relying on the Internet; Internet insurance business shall be carried out by legally established insurance institutions rather than other institutions or individuals. An insurance institution including insurance agent shall sell Internet insurance products or provide insurance agent services via its self-operated network platform or the self-operated network platform of any other insurance institution, and the insurance application page shall belong to its self-operated network platform, except where any government department requires policyholders to complete the entry of insurance application information on the network platform prescribed by the government in the public interest. An insurance institution shall continue to raise the level of risk prevention and control of Internet insurance business, improve the risk monitoring, early warning and early intervention mechanism, and ensure the independence of the operation of its self-operated network platform.

On October 12, 2021, the General Office of the CBIRC issued the Notice on Further Regulating Matters Concerning Internet Life and Health Insurance Business (《關於進一步規範保險機構互聯網人身保險業務有關事項的通知》), pursuant to which, Internet life and health insurance products include accident insurance, health insurance (except nursing insurance), term life insurance, ordinary life insurance with a policy period of more than ten years (except term life insurance) and ordinary annuity insurance with a policy period of more than ten years, and other life and health insurance products stipulated by the NFRA. Pursuant to the notice, Internet life and health insurance products that do not meet the requirements thereof are prohibited from being offered online, and public display of, or direction to, hyperlinks to the webpages of placing orders on the Internet of such Internet life and health insurance products are prohibited as well. Insurance intermediaries that conduct Internet life and health insurance business shall strengthen the system development and have operations and service capabilities that meet the requirements set forth in this notice. Insurance companies entrusting Internet life and health insurance business to insurance intermediaries shall select national institutions as insurance intermediaries. Where integrated online and offline life and health insurance business is involved, neither shall Internet life and health insurance products be used, nor shall business areas be extended to areas where branches have not been formed.

In September 2023, the NFRA promulgated the Measures for the Administration of Insurance Sales Activities (《保險銷售行為管理辦法》), which will come into force on March 1, 2024. These Measures categorizes insurance sales activities of insurance companies and insurance intermediaries, including insurance agency companies, into three phases namely pre-sales, in-sales, and post-sales activities, setting forth varied regulatory requirements on insurance sales activities in each phase:

- Pre-sales: insurance agency companies shall not engage in insurance sales activities beyond the approved business scope and regional scope. Insurance agency companies shall assume the primary management responsibility for the insurance sales promotion information released by its sales personnel;

- In-sales: insurance agency companies shall not enter into insurance contracts with their clients using methods such as compulsory tie-in sale or default check on web pages;

- Post-sales: insurance agency companies shall establish archives management rules, properly maintain business archives, account books, business ledgers, personnel archives, client materials and audio-visual materials, electronic data, and other archive materials generated during traceability management.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Copyright

Copyright in the PRC, including copyrighted computer software, is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**"), which was most recently amended in November 2020 and became effective in June 2021, and its implementation rules. According to the Copyright Law, the term of protection for copyrighted computer software shall be 50 years. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology, pay damages, etc.

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC in March 1984, which was most recently amended in October 2020 and became effective in June 2021, provides for three types of patents, "invention", "utility" and "design". To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. The National Intellectual Property Administration is responsible for examining and approving patent applications.

Trademarks

The Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC in August 1982 with the latest amendment being effective in November 2019, and the Regulation on the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) promulgated by the State Council in August 2002 with the latest amendment being effective in May 2014, protect registered trademarks. The Trademark Office of National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. A registration application for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination may be rejected. Trademark registration is effective for a renewable ten-year period, unless otherwise revoked.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT in August 2017 and became effective in November 2017. The MIIT is the major regulatory body responsible for the administration of the PRC Internet domain names, under supervision of which the China Internet Network Information Center is responsible for the daily administration of .cn domain names and Chinese domain names. CNNIC adopts the "first to file" principle with respect to the registration of domain names. In November 2017, the MIIT promulgated the Notice of the

Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which became effective in January 2018. Pursuant to the notice, the domain name used by an Internet-based information service provider in providing Internet-based information services must be registered and owned by such provider in accordance with the law. If the Internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity's shareholders), or the entity's principal or senior manager.

REGULATIONS RELATING TO EMPLOYMENT

Pursuant to the Labor Law (《中華人民共和國勞動法》) and the Labor Contract Law (《中華人民共和國勞動合同法》), employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

In addition, according to the Social Insurance Law (《中華人民共和國社會保險法》) and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), Regulations on Work Injury Insurance (《工傷保險條例》), Regulations on Unemployment Insurance (《失業保險條例》), Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) and the Regulations on the Administration of Housing Funds (《住房公積金管理條例》), employers in the PRC must provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds.

REGULATIONS RELATING TO UNFAIR COMPETITION AND MONOPOLY

Anti-unfair Competition Law

Competition among business operators is generally governed by the Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) (the "**Anti-unfair Competition Law**"), which was promulgated by the SCNPC on September 2, 1993 and amended on November 4, 2017 and April 23, 2019 respectively. According to the Anti-unfair Competition Law, when trading on the market, operators must abide by the principles of voluntariness, equality, fairness and honesty and observe laws and business ethics. Acts of operators constitute unfair competition where they contravene the provisions of the Anti-unfair Competition Law and disturb market competition with a result of damaging the lawful rights and interests of other operators or consumers. When the lawful rights and interests of an operator are damaged by the acts of unfair competition, it may institute proceedings in a People's court. In comparison, where an operator commits unfair competition in contravention of the provisions of the Anti-unfair Competition Law and causes damage to another operator, it will be responsible for compensating for the damages.

Anti-Monopoly Law

The Anti-monopoly Law of the People' Republic of China (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**"), which was promulgated by the SCNPC on August 30, 2007, most recently amended on June 24, 2022 and took effect on August 1, 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.

REGULATIONS RELATING TO FOREIGN EXCHANGE

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administration Regulations (《外匯管理條例》), which was last amended by the State Council in 2008. Under 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 RMB is to be converted into foreign currency and remitted out of the PRC to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of the PRC.

In March 2015, SAFE promulgated the Circular of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《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 Circular 19, which was most recently amended in March 2023 and expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. SAFE promulgated the Notice of SAFE on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《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 Circular 16, effective in June 2016, which reiterates some of the rules set forth in Circular 19. Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt [**REDACTED**] and remitted foreign [**REDACTED**], and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there are substantial uncertainties with respect to Circular 16's interpretation and implementation in practice. Circular 19 or Circular 16 may delay or limit us from using the [**REDACTED**] of offshore [**REDACTED**] to make additional capital contributions to our PRC subsidiaries and any violations of these circulars could result in severe monetary or other penalties.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), or Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) banks must check whether the transaction is genuine by reviewing board resolutions regarding profit distribution, original copies of tax filing records and audited financial statements, and (ii) domestic entities must retain income to account for previous years' losses before remitting any profits. Moreover, pursuant to Circular 3, domestic entities must explain in detail the sources of capital and how the capital will be used, and provide board resolutions, contracts and other proof as a part of the registration procedure for outbound investment.

On October 23, 2019, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of 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》), or SAFE Notice 28, which was most recently amended in December 2023 and permits non-investment foreign-invested enterprises to use their capital funds to make equity investments in the PRC, with genuine investment projects and in compliance with effective foreign investment restrictions and other applicable laws. However, there are still substantial uncertainties as to the interpretation and implementations of the SAFE Notice 28 in practice.

Stock Incentive Plans

SAFE promulgated the Circular of SAFE on Issues concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plans of Companies Listed Overseas (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Stock Option Rules, in February 2012. Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants in a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of the participants.

In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan or the PRC agent or any other material changes. The PRC agent must apply to SAFE or its local branches on behalf of the PRC residents who have the right to exercise the employee share options for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents.

Dividend Distribution

The principal laws, rules and regulations governing dividends distribution by companies in the PRC are the Company Law, which applies to both PRC domestic companies and foreign-invested companies, and the Foreign Investment Law and the implementing rules, which apply to foreign- invested companies. Under these laws, regulations and rules, both domestic companies and foreign- invested companies in the PRC are required to set aside as general reserves at least 10% of their after- tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. Companies are not permitted to 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.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

The PRC enterprise income tax ("**EIT**") is calculated based on the taxable income determined under the applicable EIT Law, and its implementation rules, both of which became effective in January 2008 and were most recently amended in December 2018 and April 2019, respectively. The EIT Law generally imposes a uniform enterprise income tax rate of 25% on all resident enterprises in China, including foreign-invested enterprises.

The EIT Law and its implementation rules permit certain High and New Technologies Enterprises to enjoy a reduced 15% enterprise income tax rate if they meet certain criteria and are officially acknowledged.

Value-added Tax

According to the Provisional Regulations on Value-added Tax (《增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and last amended on November 19, 2017, and the Implementing Rules of the Provisional Regulations on Value-added Tax (《增值稅暫行條例實施細則》) promulgated by the Ministry of Finance on December 25, 1993 and last amended on October 28, 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay VAT. On April 4, 2018, the Ministry of Finance and the STA issued the Circular on Adjustment of VAT Rates (《關於調整增值稅稅率的通知》), which took effect on May 1, 2018. According to the abovementioned circular, the taxable goods previously subject to VAT rates of 17% and 11% respectively became subject to lower VAT rates of 16% and 10% respectively starting from May 1, 2018. Furthermore, according to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) jointly promulgated by the Ministry of Finance, the STA and the General Administration of Customs, which took effect on April 1, 2019, the taxable goods previously subject to VAT rates of 16% and 10% respectively became subject to lower VAT rates of 13% and 9% respectively starting from April 1, 2019.

REGULATIONS RELATING TO FOREIGN DEBTS

The Foreign Debts Measure (《企業中長期外債審核登記管理辦法》), was promulgated by NDRC in January 2023 and came in effect in February 2023, requiring that the PRC enterprises and overseas enterprises or branches controlled by them, including holding companies with a VIE structure, to complete application for registration of foreign debts with the NDRC prior to the borrowing of foreign debts with a term of over one year.

REGULATIONS RELATING TO M&A AND OVERSEAS [REDACTED]

On August 8, 2006, six PRC regulatory agencies including the Ministry of Commerce, the China Securities Regulatory Commission, or the CSRC, and SAFE, issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, which took effect on September 8, 2006 and was amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operating the assets. The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas [**REDACTED**] purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of CSRC prior to publicly [**REDACTED**] their [**REDACTED**] on an overseas stock exchange.

OVERVIEW

We are a leading integrated services provider to China's rural population. We empower small-scale farmers and small rural business owners with comprehensive, technology-driven products and services, including rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services. Over nearly 30 years, our business has achieved considerable scale by building upon our extensive local service network deeply rooted in China's rural areas as well as technology-enabled service excellence. As of September 30, 2023, our footprint spanned more than 100,000 villages across nearly 500 counties in 21 provincial-level regions in China, covering a rural population of nearly 200 million. As of the same date, our local service network was comprised of nearly 500 branches across China, with over 6,400 employees in cooperation with over 118,000 village-level partners who are close to customers.

Our history can be traced back to 1996, when a micro-credit pilot project was established through a loan from the World Bank to a poverty alleviation project in Qinba Mountain Area (秦巴山區) in Sichuan Province. In 2000, the China Foundation for Rural Development (中國鄉村發展基金會) ("**CFRD**") (previously known as the China Foundation for Poverty Alleviation (中國扶貧基金會)), one of the largest charity organizations in China in the field of rural development, took over the pilot project and subsequently established Chongho Bridge Group Limited in 2008, which remains our Group's principal operating subsidiary. Since then, our Group has been dedicated to the facilitation of agricultural development in the county-level rural areas of China by offering small-scale farmers and small rural business owners financial and non-financial products and services, serving millions of customers cumulatively.

Our Company was incorporated in the Cayman Islands on August 29, 2019 and subsequently became the holding company of our Group.

KEY BUSINESS MILESTONES

The following is a summary of our Group's key business development milestones:

Year	**Event**
1996	A micro-credit pilot project was established by the State Council and the World Bank to finance a poverty alleviation project in Qinba Mountain Area, Sichuan
2000	CFRD took over the micro-credit pilot project
2006	China Development Bank granted a wholesale loan in the amount of RMB100 million to the micro-credit pilot project, being its first ever wholesale loan dedicated to micro-finance projects
2008	Chongho Bridge Group Limited was established in Beijing, the PRC as a wholly-owned subsidiary of CFRD to undertake the pilot project

Year	Event
2010	Our self-developed credit system was adopted and remains one of our Group's core business systems
2011	CFRD was connected to the consumer credit reporting system of the Credit Reference Center of the People's Bank of China, which was used by us for our micro-credit projects
2014	Number of local branches exceeded 100
2017	The cumulative number of transacting customers exceeded one million
2018	We launched our online credit services app for our customers
2019	Our Company was incorporated in the Cayman Islands
	We began the provision of agricultural production services and launched our rural consumer goods and services
2020	We launched our integrated, rural market-oriented service platform *Xiangzhu* (鄉助)
2021	Our Company changed its name to Chongho Bridge Limited (中和農信有限公司)
2022	We entered into the rural clean energy market by renting rooftops from rural residents to install PV modules to generate electricity
2023	Number of local branches exceeded 500

OUR MAJOR SUBSIDIARIES

The details of our subsidiaries which made a material contribution to our results of operations during the Track Record Period are shown below:

Name of major subsidiary	Date of incorporation	Place of incorporation	Principal activities
Chongho Bridge Group Limited* (中和農信農業集團有限公司)	November 18, 2008	PRC	Provision of agricultural production technology, information and construction services
Inner Mongolia Chongho Bridge Microfinance Limited* (內蒙古中和農信農村小額貸款有限責任公司)	January 29, 2016	PRC	Micro-credit business

Name of major subsidiary	Date of incorporation	Place of incorporation	Principal activities
Hainan Chongho Bridge Microfinance Limited* (海南中和農信小額貸款有限公司)	April 22, 2016	PRC	Micro-credit business
Chongqing Chongho Bridge Microfinance Limited* (重慶市中和農信小額貸款有限公司)	January 25, 2017	PRC	Micro-credit business
Hebei Chongho Bridge Microfinance Limited* (河北中和農信小額貸款有限公司)	August 11, 2020	PRC	Micro-credit business
Chongho (Beijing) Agricultural Technology Limited* (中和農服(北京)農業科技有限公司)	October 12, 2017	PRC	Sale of agricultural inputs and equipment and provision of agricultural services
Chongho (Beijing) Supply Chain Management Limited* (中和農信(北京)供應鏈管理有限公司)	December 1, 2017	PRC	Management of supply chain and sale of products and services
Beijing Xiangzhu Technology Limited (北京鄉助電子科技有限公司)	September 19, 2017	PRC	Provision of value-added telecommunications services
Beijing Little Whale Insurance Agency Limited* (北京小鯨向海保險代理有限公司)	June 3, 2009	PRC	Provision of insurance agencies services

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We did not acquire any subsidiary or business during the Track Record Period that would be determined as a material subsidiary or business under Rule 4.05A of the Listing Rules. Additionally, we had no acquisitions, disposals or mergers that we consider to be material during the Track Record Period and up to the Latest Practicable Date.

POST TRACK RECORD PERIOD ACQUISITION

See "Waivers from Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Acquisition after the Track Record Period" for additional details.

MAJOR CORPORATE DEVELOPMENT, SHAREHOLDING CHANGES AND REORGANIZATION OF OUR GROUP

Establishment and Development of Chongho Bridge Group Limited

Our business operations in the PRC were primarily conducted through our principal operating subsidiary, Chongho Bridge Group Limited and its subsidiaries and the Consolidated Affiliated Entities.

The following sets forth the major corporate history and shareholding changes of Chongho Bridge Group Limited.

I. Incorporation in 2008

Our principal operating subsidiary, Chongho Bridge Group Limited, primarily engages in the provision of agriculture-related technology, information, infrastructure development and operation services. It was incorporated in the PRC on November 18, 2008, with an initial registered capital of RMB50 million which was held as to 100% by CFRD.

II. Increase in the share capital in 2009

In December 2009, CFRD subscribed for additional registered capital of Chongho Bridge Group Limited in RMB45 million for a subscription price of RMB45 million.

III. Onshore financings in January 2011 and October 2011

Pursuant to a capital increase agreement entered into among CFRD, Multi Ace Limited ("**MAL**") and, International Finance Corporation ("**IFC**") and Chongho Bridge Group Limited dated July 1, 2010, MAL and IFC subscribed for additional registered capital of Chongho Bridge Group Limited in respective amounts of RMB31.25 million and RMB17.50 million, for a respective subscription price of RMB31.25 million and RMB17.50 million.

Pursuant to a capital increase agreement entered into among CFRD, MAL, IFC, Chongho Bridge Group Limited and Beijing Yangguang Shenghe Investment Management Co., Ltd.* (北京陽光盛和投資管理有限公司) ("**Yangguang Shenghe**") dated June 10, 2011, CFRD, MAL, IFC and Yangguang Shenghe subscribed for additional registered capital of Chongho Bridge Group Limited in respective amounts of RMB55.375 million, RMB31.25 million, RMB17.50 million and RMB2.125 million, for a respective subscription price of RMB55.375 million, RMB31.25 million, RMB17.50 million and RMB2.125 million.

IV. Onshore financing in July 2013

Pursuant to a capital increase agreement entered into among CFRD, MAL, IFC, Chongho Bridge Group Limited and Yangguang Shenghe dated April 22, 2013, CFRD, MAL, IFC and Yangguang Shenghe subscribed for additional registered capital of Chongho Bridge Group Limited in respective amounts of RMB108.019 million, RMB13.731 million, RMB45.771 million and RMB3.662 million, for a respective subscription price of RMB147.5 million, RMB18.75 million, RMB62.50 million and RMB5 million.

V. Onshore financing in February 2017

Pursuant to a capital increase agreement entered into among CFRD, MAL, IFC, Chongho Bridge Group Limited, Shanghai Yunxin Venture Capital Co., Ltd.* (上海雲鑫創業投資有限公司) ("**Shanghai Yunxin**") and Inclusive Growth Fund I (Cayman) LP ("**Inclusive Growth**") dated October 28, 2016, Shanghai Yunxin, Inclusive Growth and IFC subscribed for additional registered capital of Chongho Bridge Group Limited in respective amounts of RMB262,963,915, RMB39,840,197 and RMB73,071,389, for a respective subscription price of RMB565,000,000, RMB85,600,000 and RMB157,000,000.

VI. Onshore financing and transfer among Shareholders in September 2018

Pursuant to a capital increase agreement entered into among CFRD, MAL, IFC, Chongho Bridge Group Limited, Shanghai Yunxin, Inclusive Growth, Ningbo Renda Puhui Investment LLP* (寧波仁達普惠投資管理合夥企業(有限合夥)) ("**Ningbo Renda**") and The Rise Fund dated September 17, 2018, The Rise Fund and Ningbo Renda subscribed for additional registered capital of Chongho Bridge Group Limited in respective amounts of RMB150,841,179 and RMB54,851,338, for a respective subscription price of RMB440,000,000 and RMB160,000,000.

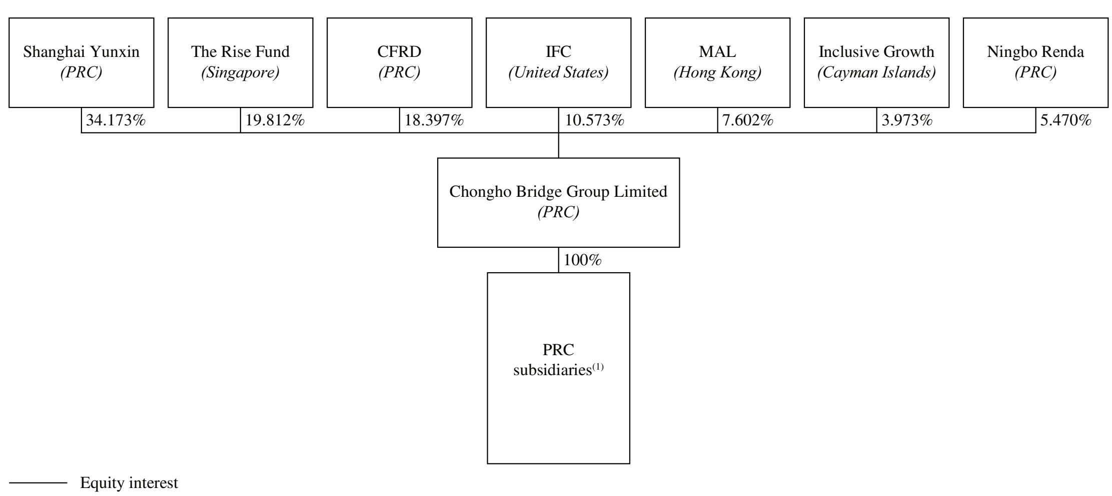
Pursuant to an equity transfer agreement entered into among Chongho Bridge Group Limited, The Rise Fund and IFC dated September 17, 2018, IFC transferred its interest in RMB47,823,510 of Chongho Bridge Group Limited's registered capital to The Rise Fund for the consideration of the equivalent of RMB139,500,000 in US dollars. Pursuant to an equity transfer agreement entered into among Chongho Bridge Group Limited, CFRD and Shanghai Yunxin dated September 18, 2018, CFRD transferred its interest in RMB79,705,850 of Chongho Bridge Group Limited's registered capital to Shanghai Yunxin for the consideration of RMB232,500,000.

Upon completion of the capital injections and share transfers among shareholders of Chongho Bridge Group Limited described above, Chongho Bridge Group Limited was held in the following manner:

Name of Shareholders	**Amount of Registered Capital Subscribed** *(RMB)*	**Percentage Ownership** *(%)*
Shanghai Yunxin	342,669,765	34.173
The Rise Fund	198,664,689	19.812
CFRD	184,475,150	18.397
IFC	106,018,879	10.573
MAL	76,231,000	7.602
Ningbo Renda	54,851,338	5.470
Inclusive Growth	39,840,197	3.973
Total	1,002,751,018	100.00

Reorganization and Development of our Company

The following chart sets forth our Group's simplified corporate and shareholding structure immediately prior to the transactions referred to below.



Note:

(1) Comprised 11 subsidiaries, which were all incorporated in the PRC, one of which was subsequently de-registered on November 10, 2022.

I. Contractual Arrangements in respect of Beijing Xiangzhu

On September 28, 2018, Chongho Bridge Group Limited entered into the Contractual Arrangements with Beijing Xiangzhu, Dr. Liu Dongwen and Ms. Li Zhen. Through the Contractual Arrangements, Chongho Bridge Group Limited would exercise effective control over the operations and enjoyed substantially all of the economic benefits of Beijing Xiangzhu. For details of the Contractual Arrangements, see the section headed "Contractual Arrangements".

II. Incorporation of our Company and Chongho Bridge HK Limited

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on August 29, 2019. It became the offshore holding company of our Group on August 27, 2020.

Upon its incorporation, the authorized share capital of our Company was US$50,000 divided into 500,000,000 ordinary shares with a par value of US$0.0001 each. On the same day, our Company allotted and issued one Share with a par value of US$0.0001 to the initial subscriber, Aequitas International Management Ltd., an independent third party, which was in turn transferred on the same day to North Star Associates Limited, also an independent third party.

Chongho Bridge HK Limited, a wholly owned subsidiary of our Company, was incorporated in Hong Kong with limited liability on October 8, 2019.

III. May 2020 Transfer

On May 21, 2020, North Star Associates Limited transferred one issued ordinary share of the Company with a par value of US$0.0001 to Dr. Liu Dongwen, which was subsequently transferred to Ms. Zhong Wen, an independent third party, on May 27, 2020 for a consideration of US$0.0001.

IV. Consolidation and Transfer of Shareholding in Chongho Bridge Group Limited

Pursuant to an equity transfer agreement dated June 10, 2020, IFC transferred its 10.573% equity interests in Chongho Bridge Group Limited to Chongho Bridge HK Limited for a consideration of the equivalent of RMB337,140,035.22, payable in US dollars, which was determined with reference to independent valuation of the relevant equity interests in Chongho Bridge Group Limited as of June 30, 2019. Pursuant to an equity transfer agreement dated August 18, 2020, CFRD transferred its equity interests in Chongho Bridge Group Limited to China World Investment Limited ("**CWI**").

Pursuant to the roll-up equity transfer agreements dated February 24, 2020 entered into between Chongho Bridge HK Limited and each of the then existing shareholders of Chongho Bridge Group Limited, namely Shanghai Yunxin, The Rise Fund, MAL, Ningbo Renda and Inclusive Growth, Chongho Bridge HK Limited agreed to purchase all equity interests held by such shareholders in Chongho Bridge Group Limited for the respective consideration of the equivalent of RMB1,000,595,713.80, RMB580,100,891.88, RMB222,594,520.00, RMB160,165,906.96 and RMB86,434,610.48, payable in US dollars or shares issued by the Company based on agreed subscription price. The total consideration was determined on the basis of arm's length negotiations.

Chongho Bridge Group Limited therefore became a wholly-owned subsidiary of Chongho Bridge HK Limited and the consideration received from Chongho Bridge HK Limited by certain of the other shareholders in Chongho Bridge Group Limited was simultaneously applied to subscribe for the Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares. For details, please see the "– VII. Issue of Series A, Series B and Series C Preferred Shares" below.

V. Share surrender and split

Ms. Zhong Wen surrendered to the Company, at nil consideration, 1 ordinary share. The surrendered Share was subsequently cancelled on August 24, 2020.

On August 24, 2020, we conducted a share split (the "**Share Split**"), pursuant to which every Share with a par value of US$0.0001 each in our then issued and unissued share capital was split into 20 Shares with a par value of US$0.000005 each such that the Company's authorized share capital became US$50,000 divided into 10,000,000,000 Shares of par value US$0.000005 each.

VI. Re-designation of authorized share capital

On the same date, immediately after the Share Split, our Company's authorized share capital of 10,000,000,000 Shares with a par value of US$0.000005 each were each re-designated and divided into (i) 9,010,345,655 ordinary shares with a par value of US$0.000005 each; (ii) 105,831,894 Series A Preferred Shares with a par value of US$0.000005 each; (iii) 262,963,915 Series B Preferred Shares with a par value of US$0.000005 each; (iv) 333,221,877 Series C Preferred Shares with a par value of US$0.000005 each; and (v) 287,636,659 Series C+ Preferred Shares with a par value of US$0.000005 each.

VII. Issue of Series A, Series B and Series C Preferred Shares

Prior to the incorporation of our Company on August 29, 2019, certain Series A Investors, Series B Investors and Series C Investors had made investments in Chongho Bridge Group Limited. For details of these investments, please refer to the subsection headed "—Establishment and Development of Chongho Bridge Group Limited" above.

Pursuant to the subscription agreements entered into by, among others, the Company and the respective investors dated February 26, 2020, the following investors agreed to subscribe for the respective Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares of the Company as set out below:

Name of Investor	Number of Shares Issued	Consideration *(RMB)*
MAL	76,231,000 Series A Preferred Shares	222,594,520.00
Inclusive Growth	29,600,894 Series A Preferred Shares	86,434,610.48
API(1)	262,963,915 Series B Preferred Shares	767,854,631.80
	79,705,850 Series C Preferred Shares	232,741,082.00
The Rise Fund	198,664,689 Series C Preferred Shares	580,100,891.88
Ningbo Renda	54,851,338 Series C Preferred Shares	160,165,906.96

Note:

(1) At the time of entering into the subscription agreement and as of the Latest Practicable Date, both Shanghai Yunxin and API were wholly-owned subsidiaries of Ant Group.

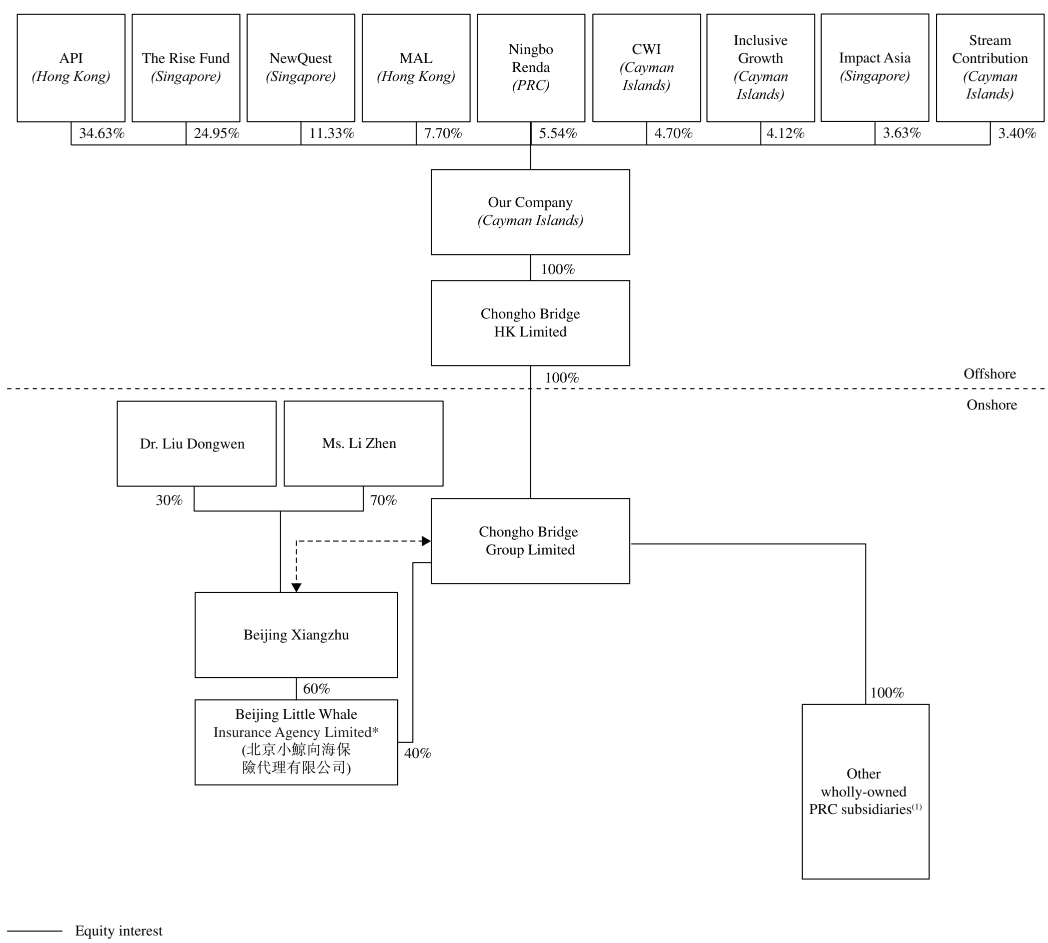
The consideration of such share subscriptions was determined on arm's length basis by referencing the consideration that the investors or their affiliates are entitled to receive from Chongho Bridge HK Limited pursuant to the roll-up equity transfer agreements as described in the subsection headed "—Reorganization and Development of our Company—IV. Consolidation and Transfer of Shareholding in Chongho Bridge Group Limited".

VIII. Issue of Series C+ Preferred Shares

From June to August 2020, our Company entered into several share subscription agreements with the Series C+ Investors, pursuant to which the following Series C+ Investors as set out in the chart below agreed to subscribe from our Company an aggregate of 287,636,659 Series C+ Preferred Shares. The consideration US$128,257,975.27 and payable in US dollars or in equivalent amount in RMB, which was determined on arm's length basis.

Name of Investor	Number of Shares Issued	Consideration *(US$ or equivalent)*
NewQuest Asia Fund IV (Singapore) Pte. Ltd. ("**NewQuest**")	112,132,075 Series C+ Preferred Shares	50,000,000.00
The Rise Fund	48,216,792 Series C+ Preferred Shares	21,500,000.00
CWI	46,552,697 Series C+ Preferred Shares	20,757,975.27
Impact Asia Pte. Ltd.	35,882,264 Series C+ Preferred Shares	16,000,000.00
Stream Contribution L.P. ("**Stream Contribution**")	33,639,623 Series C+ Preferred Shares	15,000,000.00
Inclusive Growth	11,213,208 Series C+ Preferred Shares	5,000,000.00
Total	287,636,659 Series C+ Preferred Shares	128,257,975.27

The following chart sets forth our Group's simplified corporate and shareholding structure immediately after completion of the transactions referred to above (without taking into account any Shares to be issued under the 2020 Equity Incentive Plan).



Note:

(1) Comprised 17 subsidiaries, which were all incorporated in the PRC, one of which was subsequently de-registered on November 10, 2022.

Further Development during the Track Record Period

I. Re-designation of authorized share capital

On June 16, 2021, the Company re-designated 262,611,386 authorized but unissued Shares with a par value of US$0.000005 as Series D Preferred Shares. As such, our Company's authorized share capital of US$50,000 was divided into 10,000,000,000 Shares, comprising (i) 8,747,734,269 ordinary shares with a par value of US$0.000005 each; (ii) 105,831,894 Series A Preferred Shares with a par value of US$0.000005 each; (iii) 262,963,915 Series B Preferred Shares with a par value of US$0.000005 each; (iv) 333,221,877 Series C Preferred Shares with a par value of US$0.000005 each; (v) 287,636,659 Series C+ Preferred Shares with a par value of US$0.000005 each; and (vi) 262,611,386 Series D Preferred Shares with a par value of US$0.000005 each.

II. Issue of Series D Preferred Shares

Pursuant to a share subscription agreement entered into between the Company and the Series D Investors dated June 1, 2021, the Series D Investors agreed to subscribe from our Company an aggregate of 262,611,386 Series D Preferred Shares for a total consideration of US$165,000,000, which was determined on arm's length basis. Such consideration was fully settled on June 16, 2021.

Name of Investor	**Number of Shares Issued**	**Consideration** *(US$)*
2833753 Ontario Limited ("**OTPP**")	198,948,020 Series D Preferred Shares	125,000,000.00
Impact Blossom	63,663,366 Series D Preferred Shares	40,000,000.00
Total	262,611,386 Series D Preferred Shares	165,000,000.00

Please see the section headed "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments—Principal Terms of the Pre-[**REDACTED**] Investments" for a table illustrating the issuance of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series C+ Preferred Shares and Series D Preferred Shares. In addition to the subscription, Impact Blossom also acquired 18,881,424 Series C+ Preferred Shares from an existing shareholders pursuant to a share purchase agreement dated March 24, 2021. Each Series A Preferred Share, Series B Preferred Share, Series C Preferred Share, Series C+ Preferred Share and Series D Preferred Share of our Company shall automatically be converted on a one-to-one basis by way of re-designation to Shares of our Company immediately prior to the completion of the [**REDACTED**].

III. November 2023 Transfer

On November 7, 2023, MAL and Care Believe Limited ("**Care Believe**") entered into an equity transfer agreement, pursuant to which MAL agreed to transfer 76,231,000 Series A Preferred Shares, which were re-classified and re-designated as Series C+ Preferred Shares, to Care Believe for a total consideration in US dollars in the equivalent value of RMB291,964,730. Such consideration was determined on arm's length basis and was irrevocably settled and received on January 5, 2024 (the "**MAL Transfer**").

2020 EQUITY INCENTIVE PLAN

Our Company adopted the 2020 Equity Incentive Plan on August 30, 2020. The purpose of the 2020 Equity Incentive Plan is to incentivize and reward the eligible participants for their contribution to the Group and to align their interests with that of the Company. The principal terms of the 2020 Equity Incentive Plan are set out in the section headed "Statutory and General Information—D. Share Incentive Schemes—1. 2020 Equity Incentive Plan" in Appendix IV in this document.

REASONS FOR THE [REDACTED]

Our Board is of the view that the [**REDACTED**] will provide us with further capital to expand our integrated, rural market-oriented service platform and enhance our business operations, with a view to expanding the China's rural micro-lending and rural production-related and consumption-related services markets.

PRE-[REDACTED] INVESTMENTS

Overview

Our Company received several rounds of Pre-[**REDACTED**] Investments as described above in the section headed "—Major Corporate Development, Shareholding Changes and Reorganization of our Group—Reorganization and Development of our Company".

The consideration for the Pre-[**REDACTED**] Investments was mainly determined based on arm's length negotiations between our Company and the Pre-[**REDACTED**] Investors after taking into account the timing of the investments and the status of our business and operating entities at the relevant time.

In connection with the Pre-[**REDACTED**] Investments, the Pre-[**REDACTED**] Investors entered into the relevant share subscription agreements or share purchase agreement at the time of their respective investments.

[REDACTED] of our Company

The below table is a summary of the [**REDACTED**] of our Company:

	As at the Latest Practicable Date(1)								As at the [REDACTED](2)	
Name of Shareholders	Ordinary shares	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series C+ Preferred Shares	Series D Preferred Shares	Aggregate number of shares	Aggregate ownership percentage	Aggregate number of Shares	Aggregate ownership percentage
Inclusive Growth	–	29,600,894	–	–	11,213,208	–	40,814,102	3.26%	40,814,102	[REDACTED]%
API	–	–	262,963,915	79,705,850	–	–	342,669,765	27.36%	342,669,765	[REDACTED]%
The Rise Fund	–	–	–	198,664,689	48,216,792	–	246,881,481	19.71%	246,881,481	[REDACTED]%
Ningbo Renda	–	–	–	54,851,338	–	–	54,851,338	4.38%	54,851,338	[REDACTED]%
Stream Contribution	–	–	–	–	33,639,623	–	33,639,623	2.69%	33,639,623	[REDACTED]%
CWI	–	–	–	–	27,671,273	–	27,671,273	2.21%	27,671,273	[REDACTED]%
Impact Asia	–	–	–	–	35,882,264	–	35,882,264	2.87%	35,882,264	[REDACTED]%
NewQuest	–	–	–	–	112,132,075	–	112,132,075	8.95%	112,132,075	[REDACTED]%
Impact Blossom	–	–	–	–	18,881,424	63,663,366	82,544,790	6.59%	82,544,790	[REDACTED]%
OTPP	–	–	–	–	–	198,948,020	198,948,020	15.89%	198,948,020	[REDACTED]%
Care Believe	–	–	–	–	76,231,000	–	76,231,000	6.09%	76,231,000	[REDACTED]%
Other Shareholders	–	–	–	–	–	–	–	–	[REDACTED]	[REDACTED]%
Total	–	29,600,894	262,963,915	333,221,877	363,867,659	262,611,386	1,252,265,731	100.00%	[REDACTED]	[REDACTED]%

Notes:

(1) Each of the Preferred Shares will be converted into Shares on a one-to-one basis by way of re-designation to Shares immediately prior to the [**REDACTED**].

(2) Calculated after taking into account the Shares to be issued pursuant to the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan).

Principal terms of the Pre-[REDACTED] Investments

The below table summarizes the principal terms of the subscription of Preferred Shares by the Pre-[**REDACTED**] Investments:

	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares			Series C+ Preferred Shares						Series D Preferred Shares	
Names of investors	Inclusive Growth	API	API	The Rise Fund	Ningbo Renda	The Rise Fund	Stream Contribution	Inclusive Growth	CWI	Impact Asia	NewQuest	Impact Blossom	OTPP
Date of the offshore investment agreement	February 26, 2020	February 26, 2020	February 26, 2020	February 26, 2020	February 26, 2020	July 23, 2020	June 16, 2020	June 16, 2020	August 18, 2020	July 31, 2020	July 23, 2020	June 1, 2021	June 1, 2021
Date on which investment was fully settled(1)	August 24, 2020(1)(2)	August 24, 2020(1)(3)	August 24, 2020(1)(3)	August 24, 2020(1)(4)	August 24, 2020(1)(5)	August 24, 2020	August 24, 2020	August 24, 2020	August 24, 2020(1)	August 24, 2020	August 24, 2020	June 16, 2021	June 16, 2021
Cost per Preferred Share paid	RMB2.92(6)	RMB2.92(6)	RMB2.92(6)	RMB2.92(6)	RMB2.92(6)	RMB3.18(8)	RMB3.18(8)	RMB3.18(8)	RMB3.18(6)	RMB3.18(8)	US$0.4459	RMB4.04(7)	RMB4.04(7)
Total consideration	Approximately RMB86.43 million	Approximately RMB767.85 million	Approximately RMB232.74 million	Approximately RMB580.10 million	Approximately RMB160.17 million	US$21.5 million	US$15 million	US$5 million	Approximately US$20.76 million	US$16 million	US$50 million	US$40 million	US$125 million

	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares			Series C+ Preferred Shares						Series D Preferred Shares	
Discount to the [**REDACTED**](9)	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Number of shares subscribed/ purchased	29,600,894	262,963,915	79,705,850	198,664,689	54,851,338	48,216,792	33,639,623	11,213,208	46,552,697	35,882,264	112,132,075	63,663,366	198,948,020

Basis of determination of the consideration	The consideration was determined based on arm's length negotiation between the Pre-[**REDACTED**] Investors and our Group with reference to the timing of the investments, the valuation of our business and operating entities at the relevant time and, where applicable, certain original consideration of historical investments in Chongho Bridge Group Limited.
Lock-up Period	[●]
Use of proceeds from the Pre-[**REDACTED**] Investments	We have fully utilized the proceeds from the Pre-[**REDACTED**] Investments to replenish the capital of the Group.
Strategic benefits of the Pre-[**REDACTED**] Investments	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Company would benefit from the additional capital that would be provided by the Pre-[**REDACTED**] Investors' investments in our Company and the Pre-[**REDACTED**] Investors' knowledge and experience. Our Company is also of the view that the Pre-[**REDACTED**] Investors' investments demonstrated their confidence in our Group's operations and served as an endorsement of our Company's performance, strengths and document.
Conversion rights	Each Preferred Share shall be automatically converted into Shares at the then effective applicable conversion price on a one-to-one basis immediately prior to [**REDACTED**].

Notes:

(1) For the avoidance of doubt, the date on which the respective investment was fully settled represents the date on which such investment was settled offshore taking Reorganization into account and does not represent the date on which the corresponding initial investment amounts onshore were received by Chongho Bridge Group Limited (if any).

(2) Pursuant to the onshore financing in Chongho Bridge Group Limited which was completed in February 2017, Inclusive Growth subscribed for the registered share capital of Chongho Bridge Group Limited. Subsequently, as part of the Reorganization, Inclusive Growth transferred for consideration all its equity interests in Chongho Bridge Group Limited to Chongho Bridge HK Limited on February 24, 2020, as described in the subsection headed "—Reorganization and Development of our Company—IV. Consolidation and Transfer of Shareholding in Chongho Bridge Group Limited". On February 26, 2020, Inclusive Growth applied such consideration it was entitled to receive to subscribe for the Series A Preferred Shares in our Company, which was settled in August 2020.

(3) Pursuant to the onshore financing in Chongho Bridge Group Limited which was completed in February 2017, Shanghai Yunxin subscribed for the registered share capital of Chongho Bridge Group Limited. Pursuant to an equity transfer agreement dated September 18, 2018, Shanghai Yunxin acquired equity interests equivalent to registered capital of RMB79,705,850 in Chongho Bridge Group Limited from CFRD at a consideration of RMB232,500,000. Subsequently, as part of the Reorganization, Shanghai Yunxin transferred for consideration all its equity interests in Chongho Bridge Group Limited to Chongho Bridge HK Limited on February 24, 2020, as described in the subsection headed "—Reorganization and Development of our Company—IV. Consolidation and Transfer of Shareholding in Chongho Bridge Group Limited". On February 26, 2020, API, an affiliate of Shanghai Yunxin, applied such consideration it was entitled to receive to subscribe for the Series B Preferred Shares and the Series C Preferred Shares in our Company, which was settled in August 2020.

(4) Pursuant to the onshore financing in Chongho Bridge Group Limited which was completed in September 2018, The Rise Fund subscribed for the registered share capital of Chongho Bridge Group Limited. Pursuant to an equity transfer agreement dated September 17, 2018, The Rise Fund acquired equity interests equivalent to registered capital of RMB47,823,510 in Chongho Bridge Group Limited from IFC at a consideration of the equivalent of RMB139,500,000 in US dollars. Subsequently, as part of the Reorganization, The Rise Fund transferred for consideration all its equity interests in Chongho Bridge Group Limited to Chongho Bridge HK Limited on February 24, 2020, as described in the subsection headed "—Reorganization and Development of our Company—IV. Consolidation and Transfer of Shareholding in Chongho Bridge Group Limited". On February 26, 2020, The Rise Fund applied such consideration it was entitled to receive to subscribe for the Series C Preferred Shares in our Company, which was settled in August 2020.

(5) Pursuant to the onshore financing in Chongho Bridge Group Limited which was completed in September 2018, Ningbo Renda subscribed for the registered share capital of Chongho Bridge Group Limited. Subsequently, as part of the Reorganization, Ningbo Renda transferred for consideration all its equity interests in Chongho Bridge Group Limited to Chongho Bridge HK Limited on February 24, 2020, as described in the subsection headed "—Reorganization and Development of our Company—IV. Consolidation and Transfer of Shareholding in Chongho Bridge Group Limited". On February 26, 2020, Ningbo Renda applied such consideration it was entitled to receive to subscribe for the Series C Preferred Shares in our Company, which was settled in August 2020.

(6) The cost per Preferred Share paid was determined based on the consideration paid by Chongho Bridge HK Limited to acquire shares from certain of the then-existing shareholders of Chongho Bridge Group Limited, as part of the Reorganization. Certain of the then-existing shareholders of Chongho Bridge Group Limited applied such consideration they were entitled to receive to subscribe for Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and certain of Series C+ Preferred Shares in our Company. The cost per Preferred Shares paid pursuant to the series A, series B and series C financing do not reflect the relevant investors' valuation of our Company at the time, but instead reflect their valuation of Chongho Bridge Group Limited at the time of the Reorganization.

(7) The subscription price of the Pre-[**REDACTED**] Investors were based on arm's length negotiations between such Pre-[**REDACTED**] Investor and the Company, which were affected by the valuation of our Company at such particular point in time as well as other considerations.

(8) Calculated based on the exchange rate of US$1.00 to RMB7.1316, as agreed between the respective pre-[**REDACTED**] investors and the Company in the corresponding round of share subscription.

(9) The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**], assuming the conversion of the Preferred Shares into Shares on a one-to-one basis has completed prior to [**REDACTED**].

Special rights of the Pre-[REDACTED] Investors

All Preferred Shares shall be converted into Shares of our Company immediately prior to the [**REDACTED**] on a ratio of 1:1. All Shareholders (including our Pre-[**REDACTED**] Investors) are bound by (i) the terms of the existing memorandum and articles of association (as amended from time to time) of our Company which will be replaced by our Memorandum and Articles of Association effective upon the [**REDACTED**] and (ii) the amended and restated shareholders' agreement dated January 26, 2024 (the "**Shareholders' Agreement**") which superseded all previous agreements among the contracting parties in respect of the shareholders' rights in our Company.

Pursuant to the Shareholders' Agreement and the existing memorandum and articles of association of our Company, certain Pre-[**REDACTED**] Investors have, among other rights, (i) the right to elect Directors and the right of participation in the meetings of the Board; (ii) registration rights including demand and piggyback registration rights; (iii) information and inspection rights; (iv) redemption rights; (v) conversion rights; (vi) pre-emptive rights; (vii) right of first refusal and (viii) protective provisions.

The relevant redemption rights ceased to be exercisable immediately upon the first filing of the [**REDACTED**] application by our Company to the Stock Exchange, provided that such right shall resume to be exercisable if the Company's [**REDACTED**] application is withdrawn, rejected, lapses for any reason, or if [**REDACTED**] did not take place, in each case, by December 31, 2024.

All other shareholders' special rights granted under the foregoing documents will be automatically terminated upon or before the [**REDACTED**] in accordance with the terms of the Shareholders' Agreement.

Information about the Pre-[REDACTED] Investors

The background information of our Pre-[**REDACTED**] Investors is set out below. Save as disclosed hereunder, to the best of our Company's knowledge, information and belief and having made all reasonable enquiries, all other Pre-[**REDACTED**] Investors are independent third parties.

The Rise Fund and NewQuest

Each of The Rise Fund and NewQuest is an affiliate of TPG. TPG is a leading global alternative asset firm founded in 1992 with more than US$139 billion of assets under management as of June 30, 2023. For many years, TPG has been investing in change, growth, and innovation and The Rise Fund invests in companies that drive measurable social and environmental impact. TPG aims to build dynamic products and options for its investors while also instituting discipline and operational excellence across the investment strategy and performance of its portfolio.

API

API is a company incorporated in Hong Kong with limited liability. It is an indirect wholly-owned overseas subsidiary of Ant Group. Ant Group is the parent company of Alipay, a digital payment platform, and the world's leading open Internet platform. Through technology and innovation, it enables the digitalization of the modern service industry globally from financial services to services for everyday life. Ant Group is committed to working with partners in China and around the world to bring services to consumers and small businesses that are inclusive, green and sustainable.

OTPP

OTPP is an investment holding company incorporated in Ontario, Canada. OTPP is wholly-owned by Ontario Teachers' Pension Plan Board ("**Ontario Teachers'**"). Ontario Teachers' is an independent organization headquartered in Toronto, acting as the administrator of Canada's largest single-profession pension plan. Ontario Teachers' invests and administers the pensions of the province of Ontario's 336,000 active and retired teachers.

Ningbo Renda

Ningbo Renda is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of Ningbo Renda was Zhejiang Collaborative Innovation Investment Management Co., Ltd.* (浙江協同創新投資管理有限公司) ("**Zhejiang Collaborative Investment**"), an independent third party. Established in August 2015, Zhejiang Collaborative Investment is an investment management company focused on investing in high technology industries such as digital healthcare companies, digital financial services and software development.

As of the Latest Practicable Date, limited partners of Ningbo Renda include Dr. Bei Duoguang, a non-executive Director of the Company, as to 12.35% and Mr. Tian Yucheng (田玉成), an independent third party, as to 9.26%. As of the Latest Practicable Date, the other limited partners of Ningbo Renda included individual investors and corporate investors, all of whom held minority interests in Ningbo Renda and are independent third parties.

Inclusive Growth

Inclusive Growth is an exempted limited partnership established in the Cayman Islands. As of the Latest Practicable Date, the General Partners of Inclusive Growth were Inclusive Growth Fund (Cayman) GP Limited and High Impact Capital Advisors (Cayman) GP Limited, both of which are investment firms focused on impact investing and as of the Latest Practicable Date, were independent third party.

As of the Latest Practicable Date, the largest limited partners of Inclusive Growth were Grace Capital Partners (BVI) Limited, Mr. Lan Jian and High Impact Capital Advisors (Cayman) LP, which held 38.91%, 28.14% and 14.27% in Inclusive Growth, respectively, each an independent third party. As of the Latest Practicable Date, the other Limited Partners of Inclusive Growth included corporate investors, institutional investors as well as individual investors, all of whom held minority interests in Inclusive Growth and are independent third party.

Impact Asia

Impact Asia Pte. Ltd. ("**Impact Asia**") is an investment holding company incorporated in Singapore with limited liability. As of the Latest Practicable Date, it was wholly-owned by ABC World Asia Master Fund I Pte. Ltd., which is in turn wholly-owned by ABC Impact Fund I LP (the "**ABC Impact Fund"),** a limited partnership established in Singapore. Each of 3PF Investments Pte. Ltd. ("**3PF**") and Seletar Fund Investments Pte. Ltd. ("**Seletar**") are limited partners of ABC Impact Fund and are deemed interested in the shares held by Impact Asia. Temasek Holdings (Private) Limited ("**Temasek**") is the indirect holding company of 3PF and Seletar, and accordingly is deemed interested in the shares held by Impact Asia. The general partner of ABC Impact Fund is ABC Impact GP I Pte. Ltd.. Seletar is a wholly-owned subsidiary of Fullerton Fund Investments Pte. Ltd., which is in turn a wholly-owned subsidiary of Temasek. Elden Investments Pte. Ltd. ("**Elden**") is a wholly-owned subsidiary of Teton Investments Pte. Ltd. ("**Teton**"), which is in turn a wholly-owned subsidiary of Aranda Investments Pte. Ltd. ("**Aranda**"). Aranda is a wholly-owned subsidiary of Seletar Investments Pte. Ltd. ("**Seletar Investments**"), which is in turn a wholly-owned subsidiary of Temasek Capital (Private) Limited ("**Temasek Capital**"). Temasek Capital is a wholly-owned subsidiary of Temasek. While Seletar and its holding companies are Temasek investment holding companies, Impact Asia, ABC Impact Fund and 3PF ("**ABC Fund Entities**") are independently-managed from Temasek. Temasek is not involved in the business or operating decisions of the ABC Fund Entities, including their decisions in relation to the Company.

Stream Contribution

Stream Contribution is a limited partnership established in the Cayman Islands. As of the Latest Practicable Date, the general partner of Stream Contribution was New Trend Investment Ltd, which is an investment firm incorporated in Cayman Islands with limited liability owned as to 50% by Ms. Xingnu Li and 50% by Renda Puhui Co., Limited and Dr. Bei Duoguang, a non-executive director of the Company, is a director of New Trend Investment Ltd.

As of the Latest Practicable Date, the largest limited partner of Stream Contribution was Trend Investment Group Limited, which held 53.3% interest in Stream Contribution. Trend Investment Group Limited is a company incorporated in the British Virgin Islands with limited liability and are principally engaged in equity investment and investment management. Dr. Bei Duoguang is a limited partner of Stream Contribution, holding 3.33% interest. As of the Latest Practicable Date, the other limited partners of Stream Contribution included corporate investors, institutional investors as well as individual investors, all of whom held minority interests in Stream Contribution. Save as disclosed above, the general partner and the other limited partners of Stream Contribution are independent third parties.

CWI

CWI is an investment holding company incorporated in the Cayman Islands with limited liability. As of the Latest Practicable Date, it is an indirect wholly-owned subsidiary of China International Capital Corporation Limited, of which its shares are listed on the Shanghai Stock Exchange (stock code: 601995) and the Stock Exchange (stock code: 3908).

Impact Blossom

Impact Blossom is an investment holding company incorporated in Singapore with limited liability. As of the Latest Practicable Date, it was held as to 50.4% by Palace Investments Pte. Ltd. and 49.6% by ABC World Asia Master Fund I Pte. Ltd.. Palace Investments Pte. Ltd. is an investment holding company, and is an indirectly wholly-owned subsidiary of Pavilion Capital Holdings Pte. Ltd. ("**Pavilion Capital**"), which in turn is an indirectly wholly-owned subsidiary of Temasek. Pavilion Capital and its subsidiaries are independently-managed. Temasek is not involved in the business or operating decisions of Pavilion Capital or Palace Investments Pte. Ltd., including their decisions in relation to the Company. For more details on ABC World Asia Master Fund I Pte. Ltd., please refer to the paragraph headed "Impact Asia" in this section.

Care Believe

Care Believe is an investment holding company incorporated in the British Virgin Islands with limited liability. As of the Latest Practicable Date, it was a wholly-owned subsidiary of Hangzhou Xinlin Enterprise Management Partnership L.P.* (杭州信霖企業管理合夥企業(有限合夥), "**Hangzhou Xinlin**"). Hangzhou Xinlin is a limited partnership established in the PRC, and its general partner, Beijing Tiaoxin Consulting Service Co., Ltd.* (北京條心諮詢服務有限公司) ("**Beijing Tiaoxin**"), is ultimately controlled by Dr. Liu Dongwen, an executive Director of the Company. As at the Latest Practicable Date, the limited partners of Hangzhou Xinlin were Beijing Hecai Enterprise Management L.P.* (北京和採企業管理合夥企業(有限合夥), "**Beijing Hecai**"), Beijing Hehao Enterprise Management L.P.* (北京和灝企業管理合夥企業(有限合夥), "**Beijing Hehao**"), Beijing Hejie Enterprise Management L.P.* (北京和傑企業管理合夥企業(有限合夥), "**Beijing Hejie**") and Beijing Hepai Enterprise Management L.P.* (北京和湃企業管理合夥企業(有限合夥), "**Beijing Hepai**"), which held 37.14%, 26.71%, 20.83% and 15.31% in Hangzhou Xinlin (the "**Hangzhou Xinlin Holders**"), respectively. Saved as Beijing Tiaoxin's 3.66%, 6.36%, 0.02% and 0.02% interest in Beijing Hecai, Beijing Hehao, Beijing Hejie and Beijing Hepai as a general partner respectively, Ms. Li Zhen, Ms. Bai Xuemei, Ms. Sun Yaqing and Mr. Dou Huamao's approximately 4.12%, 4.57%, 3.57% and 3.57% interest in Beijing Hecai as limited partners respectively, the other limited partners of the Hangzhou Xinlin Holders are independent third parties.

Public Float

Upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan), The Rise Fund, NewQuest, API, OTPP and Care Believe, will hold approximately [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of the total issued Shares, respectively, and each is our core connected person under the Listing Rules. As a result, such Shares will not count towards the public float.

Save as disclosed above, to the best of the Directors' knowledge, all other [**REDACTED**] and Shareholders of our Company are not core connected persons of our Company. As a result, upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan), an aggregate of approximately [**REDACTED**]% of the Shares held by our Shareholders will count towards the public float. Hence, over [**REDACTED**]% of our Company's total issued Shares will be held by the public upon completion of the [**REDACTED**] as required under Rule 8.08(1)(a) of the Listing Rules.

Sole Sponsor's Confirmation

On the basis that (i) the consideration for the Pre-[**REDACTED**] Investments was irrevocably settled more than 28 clear days before the date of our first submission of the [**REDACTED**] application to the Stock Exchange; and (ii) all special rights granted to the Pre-[**REDACTED**] Investors that are required to be terminated upon the first filing or [**REDACTED**] (as the case may be) shall be terminated at the required times, the Sole Sponsor confirms that the Pre-[**REDACTED**] Investments are in compliance with the guidance in Chapter 4.2 of the Guide for New Listing Applicants.

PRC LEGAL COMPLIANCE

Our PRC Legal Adviser confirmed that all requisite approvals have been obtained or made in accordance with the PRC laws and regulations in all material aspects regarding our Reorganization as set out above in the subsection headed "—Major Corporate Development, Shareholding Changes and Reorganization of Our Group—Reorganization and Development of our Company".

SAFE REGISTRATION

According to the Provisions on the Foreign Exchange Administration of Overseas Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) which was issued by the SAFE and took effect on August 1, 2009 and the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration for 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》) promulgated by the SAFE on February 13, 2015, a PRC enterprise shall apply for foreign exchange registration for its overseas direct investments with the banks in the place where it's registered, upon obtaining applicable approval from or filing with the MOFCOM for outbound direct investment.

As advised by our PRC Legal Adviser, the shareholders which are PRC enterprise have completed its outbound investment fillings and foreign exchange registrations with respect to their investment in the Company.

M&A Rules

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the STA, the CSRC, SAIC and the State Administration of Foreign Exchange, or SAFE, on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals from MOFCOM or the department of commerce at the provincial level when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for [**REDACTED**] purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the [**REDACTED**] and [**REDACTED**] of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Adviser is of the opinion that prior CSRC approval for the [**REDACTED**] under the M&A Rules is not required because Chongho Bridge Group Limited was a Sino-foreign joint venture at the time when its entire equity interest was acquired by Chongho Bridge HK Limited and did not become a foreign-invested enterprise through merger or acquisition under the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and we cannot assure you that relevant PRC governmental authorities, including the CSRC, would reach the same conclusion as our PRC Legal Adviser.

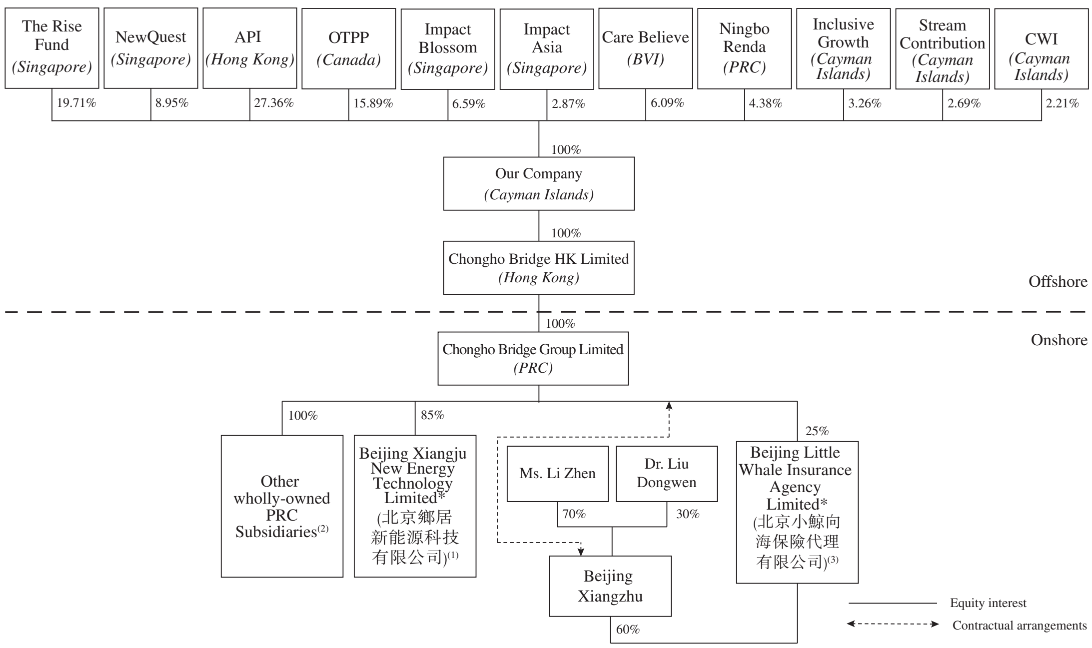
CONTRACTUAL ARRANGEMENTS

We conduct certain of our business and investment through our Consolidated Affiliated Entities, which holds the requisite permit and approval required for our business. In order to achieve our Group's business purposes and be in line with common practice in industries in the PRC subject to foreign investment restrictions, we have adopted the Contractual Arrangements to exercise and maintain control over the operations of the Consolidated Affiliated Entities, obtain its entire economic benefits and prevent leakage of the assets and value of the Consolidated Affiliated Entities to its shareholders in the PRC. For further details on the Contractual Arrangements, please see the section headed "Contractual Arrangements" in this document.

CORPORATE STRUCTURE

Corporate structure immediately prior to the [REDACTED]

The following diagram illustrates the corporate structure of our Group as of the Latest Practicable Date (assuming that all of the Preferred Shares have been converted into the Shares on a one-to-one basis and the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan).



Notes:

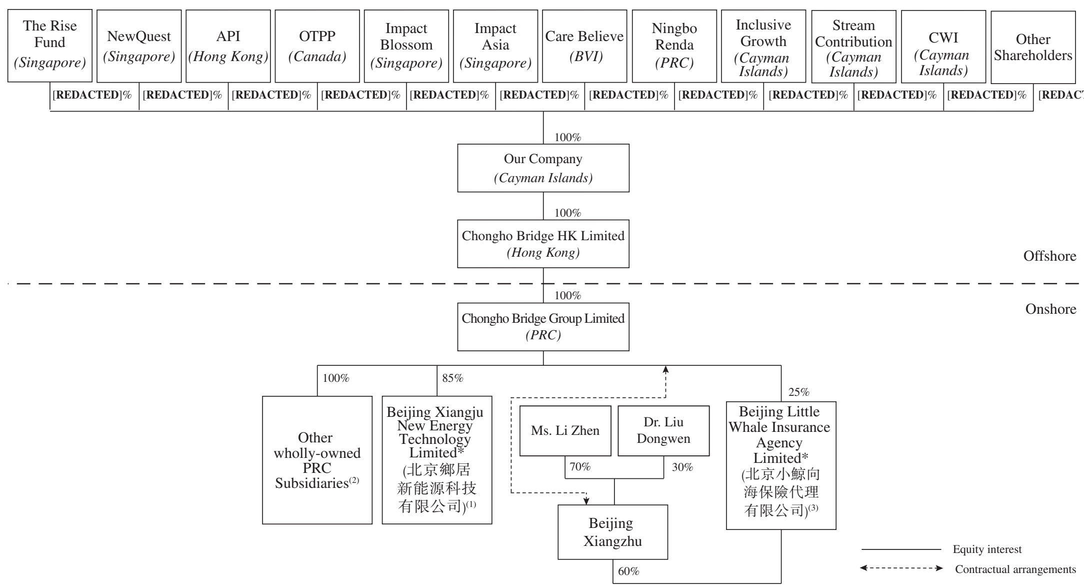
(1) The remaining 15% equity interest in Beijing Xiangju New Energy Technology Limited* (北京鄉居新能源科技有限公司) was held as to 10% by Mr. Li Kai (李凱), 2.5% by Mr. Liu Lei (劉磊) and 2.5% by Mr. Peng Haoran (彭浩然), each an independent third party.

(2) Comprises 20 subsidiaries, which were all incorporated in the PRC. All of these PRC subsidiaries were wholly-owned by us as of the Latest Practicable Date.

(3) The remaining 15% equity interest in Beijing Little Whale Insurance Agency Limited* (北京小鯨向海保險代理有限公司) was held by Deshun Fengkai (Beijing) Data Analysis Technology Limited* (德順風開(北京)數據分析技術有限公司), which is 100% held by Ms. Ji Changfeng (冀長鳳), an independent third party, and is principally engaged in technology consulting and economic and trade consulting.

Corporate structure immediately following the [REDACTED]

The following diagram illustrates the corporate structure of our Group immediately following the completion of the [**REDACTED**] (assuming that all of the Preferred Shares have been converted into the Shares on a one-to-one basis and the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan):



Notes:

(1) The remaining 15% equity interest in Beijing Xiangju New Energy Technology Limited* (北京鄉居新能源科技有限公司) was held as to 10% by Mr. Li Kai (李凱), 2.5% by Mr. Liu Lei (劉磊) and 2.5% by Mr. Peng Haoran (彭浩然), each an independent third party.

(2) Comprises 20 subsidiaries, which were all incorporated in the PRC. All of these PRC subsidiaries were wholly-owned by us as of the Latest Practicable Date.

(3) The remaining 15% equity interest in Beijing Little Whale Insurance Agency Limited* (北京小鯨向海保險代理有限公司) was held by Deshun Fengkai (Beijing) Data Analysis Technology Limited* (德順風開(北京)數據分析技術有限公司), which is 100% held by Ms. Ji Changfeng (冀長鳳), an independent third party, and is principally engaged in technology consulting and economic and trade consulting.

BACKGROUND

We currently conduct our value-added telecommunication services and insurance distribution (the "**Relevant Businesses**") through our Consolidated Affiliated Entities in the PRC as the PRC laws, or their implementation by relevant government authorities, generally prohibit or restrict foreign ownership, or impose certain qualification requirements on foreign investors, in the Relevant Businesses.

As confirmed by our PRC Legal Adviser: (i) the provision of advertising services on our *Xiangzhu* app constitutes provision of commercial internet information services under the applicable PRC laws and regulations and requires an Internet Content Provider License ("**ICP License**") and is therefore subject to foreign investment restrictions (i.e. foreign ownership is permitted to up to 50%); (ii) the e-commerce functions on our website and the *Xiangzhu* app allowing our consumers access to various agricultural products and microcredit services require a value-added telecommunication business license for electronic data interchange ("**EDI License**") under the applicable PRC laws and regulations; (iii) the use of SMS constitutes provision of commercial information services under the applicable PRC laws and regulations and requires a service provider license (information services, excluding Internet information services) (the "**SP License**") and is therefore subject to foreign investment restrictions (i.e. foreign ownership is permitted to up to 50%); and (iv) the provision of call center services by allowing our customers to make enquiries on our website and the *Xiangzhu* app requires a value-added telecommunications business operating license for domestic call center business ("**Call Center License**").

Whilst businesses subject to an EDI License and a Call Center License are not subject to any foreign investment ownership restrictions under the applicable PRC laws and regulation, the functions that require the EDI License and the Call Center License are highly integrated and inherently embedded into our website and the *Xiangzhu* app with the functions described above requiring the ICP License and the SP License, it is therefore not possible for us to conduct such businesses through a separate entity. Our Group operates our website and the *Xiangzhu* app through Beijing Xiangzhu, which, therefore, currently holds two value-added telecommunications business operating licenses, namely (i) an ICP & EDI License; and (ii) a SP & Call Center License.

In addition, the provision of insurance distribution services on our integrated platforms as an insurance agency requires an Insurance Agent License and shall be subject to additional qualification requirements on the insurance agency's foreign shareholder, which we do not meet and do not expect to be able to meet in the future, if the foreign ownership percentage is no less than 25% on a look-through basis. Therefore, our group provides insurance distribution services through Beijing Little Whale, which holds an Insurance Agent License serving as an insurance agency and contributed less than 5% of our Group's revenue during each year/period of the Track Record Period.

As a result of the restrictions imposed by the PRC laws and regulations as well as regulatory practice, our Company is unable to own or hold the entire direct equity interest in our Consolidated Affiliated Entities. Accordingly, the term 'ownership' or the relevant concept, as applied to our Company in this document, refers to an economic interest in the assets or businesses through the Contractual Arrangements without holding the entire equity interest in our Consolidated Affiliated Entities. The Contractual Arrangements, through which we are able to exercise effective control over the financial and operational management and results of, and derive the economic benefits from, the Consolidated Affiliated Entities, have been narrowly tailored to achieve our business purpose and minimize the potential for conflict with relevant PRC laws.

In order to facilitate the reorganization and as further detailed in "History, Reorganization and Corporate Structure—Major Corporate Development, Shareholding Changes and Reorganization of our Group—Reorganization and Development of our Company", Beijing Xiangzhu, Chongho Bridge Group Limited and the Beijing Xiangzhu Shareholders executed a series of amended and restated agreements constituting the Contractual Arrangements on January 19, 2024, pursuant to which it agreed to be bound by the terms and conditions of the Contractual Arrangements.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN OWNERSHIP RESTRICTIONS

Value-added telecommunication services

Pursuant to the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition) (外商投資准入特別管理措施(負面清單)(2021年版)) (the "**Negative List**") which came into effect on January 1, 2022, provision of value-added telecommunications services falls within the 'restricted' category. As such, the ultimate shareholding percentage of a foreign investor in companies engaged in value-added telecommunications services (except for e-commerce, domestic multi-party communications, storage-forwarding and call centers) shall not exceed 50%. Moreover, pursuant to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), a provider of 'operational Internet information services' (namely services involving the provision of information or website-design services through the Internet to Internet-users for a fee) is required to obtain an ICP license.

Foreign investment in a company providing value-added telecommunications services, including Internet information provision services, is also subject to the Provisions on the Administration of Foreign-invested Telecommunications Enterprises (外商投資電信企業管理規定), or the FITE Regulations, which were promulgated by the State Council on December 11, 2001, and subsequently amended on September 10, 2008, February 6, 2016 and recently on March 29, 2022 by the Decision on Amending and Abolishing Some Administrative Regulations (關於修改和廢止部分行政法規的決定) issued by the State Council (the "**Order No. 752**"). Following the issue of Order No. 752, the qualification requirements (the "Qualification Requirements") previously set out in the FITE Regulations which the main foreign investor must satisfy for investing in a PRC value-added telecommunications business were removed with effect from May 1, 2022. Nevertheless, under the amended FITE Regulations, whilst there are no foreign investment ownership restrictions on businesses subject to a Call Center License, whether an entity held by foreign shareholder(s) may in practice hold a Call Center License is still subject to the examination of substance and merits by the relevant authority. See "Regulatory Overview—Regulations Relating to Foreign Investment" for details of limitations on foreign ownership in PRC companies conducting value-added telecommunications services.

The respective PRC legal advisers of the Company and of the Sole Sponsor conducted a verbal consultation with the director of the Industry and Planning Research Institute of China Academy of Information and Communications Technology (中國信息通信研究院) ("**CAICT**") on November 22, 2023, during which the director of the Industry and Planning Research Institute of CAICT confirmed that (i) CAICT, as an affiliated institute directly under the MIIT (中國工業和信息化部直屬事業單位), is responsible for accepting applications and the preliminary examination for value-added telecommunications business license. The CAICT provides research support for the MIIT on industry policy and development plan, and consultation services relating to the interpretation of rules and regulations governing value-added telecommunications services, including, among other things, consultation on foreign investment policy and the issue of value-added telecommunications business licenses; (ii) in light of the frequent occurrence of telecom fraud, the provision of call center services is strictly regulated by the relevant authority in the PRC. As of now, there is no precedent of approving any application from where the Company and our Consolidated Affiliated Entities are registered for a Call Center License by a company with foreign investment; (iii) the application made by a company to renew the Call Center License upon change of its shareholder(s) involving the introduction of foreign investor would be substantially difficult to approve; (iv) as of now, entering into the Contractual Arrangements is not subject to any approval or regulation by the MIIT. The MIIT does not object to and will not require termination of such contractual arrangements; (v) the existence of the Contractual Arrangements will not invalidate our value-added telecommunications business licenses; and (vi) as of now, the MIIT has not imposed any penalties as a result of any contractual arrangements. As advised by our PRC Legal Adviser, the MIIT is the competent authority in determining whether the value-added telecommunications business licenses shall be granted to foreign-invested enterprises, and CAICT is a competent authority to interpret the relevant policies and to address any related enquiries. In addition, as advised by our PRC Legal Adviser, the director interviewed is competent to provide confirmations on behalf of CAICT in response to such enquiries.

As advised by our PRC Legal Adviser, in the event that our Company wishes to hold any equity interest in our Consolidated Affiliated Entities through Chongho Bridge Group Limited or any of our wholly-owned subsidiaries, we are required to apply for a renewed SP & Call Center License to be issued by the MIIT. The introduction of foreign investors will, however, make it substantially more difficult for such application to be approved according to the verbal consultation with CAICT. While foreign investments are not entirely prohibited in entities holding the ICP & EDI License according to the FITE Regulations and based on our PRC Legal

Adviser's confirmation with the MIIT, we may in theory directly hold up to 50% (but not more) of the entity holding the ICP & EDI License, it is not viable for us to do so in practice as the businesses requiring the ICP & EDI License and the SP & Call Center License are inseparable for the following reasons:

(i) our Company provides a full suite of value-added telecommunications services to our customers through our website and mobile applications and the services and functions requiring the ICP & EDI License and the SP & Call Center License are inherently embedded into our website and mobile applications. Separation of the services and functions will disrupt customer experience and impact efficiency. For example, our customers may purchase agricultural products or apply for loans through the *Xiangzhu* app (which requires the ICP & EDI License) and may contact our customer service to make relevant enquiries during the process (which requires the SP & Call Center License). After making purchase or applying for a loan, our customers might receive a confirmation by SMS (which again requires the SP & Call Center License). We will not be able to provide such services in the absence of any of the required licenses, which would have a significant impact on the operation of our business. Separation of such services and functions are therefore impracticable and it is highly burdensome to request our customers to enter into agreements with our different legal entities for essentially the same set of services;

(ii) the value-added telecommunications services provided by us to our customers, which requires the ICP & EDI License and the SP & Call Center License, are supported by the same technology and data infrastructure, as well as the same team of specialists who are responsible for maintaining our website and mobile applications, it is therefore impracticable for us to separate those infrastructure and specialists under two different legal entities; and

(iii) as advised by our PRC Legal Adviser, PRC regulatory practices require that a mobile application can only be registered under the name of one single entity as operator, and the entity operating a mobile application must be the same entity that holds the relevant value-added telecommunications business licenses, we are therefore prohibited from providing services through the *Xiangzhu* app, which requires both the ICP & EDI License and the SP & Call Center License, under two or more different legal entities.

Insurance distribution services

Although there is no explicit restriction on insurance distribution industry in the Negative List, according to the Service Guide on the Approval of the Operation of Insurance Agency (《保險代理業務經營許可審批事項服務指南》) (the "**Insurance Agency Service Guide**") issued on June 16, 2023 by the National Financial Regulatory Administration, when foreign investors hold 25% or more (directly or indirectly, on a cumulative basis) of the equity interest of an insurance agency company, such company would be deemed as a foreign-invested insurance agency, which is required to obtain a foreign-invested insurance agency license. Furthermore, according to the Insurance Agency Service Guide, the foreign-invested insurance agency incorporated in the PRC shall be:

(a) solely invested by a Hong Kong or Macau insurance broker (i) with more than 10 years of experience in the business of insurance brokerage in Hong Kong or Macau; (ii) with average annual income arising from insurance brokerage business not less than HK$500,000 during three years precedent to the application for investing in such insurance agency and having over HK$500,000 worth of total assets at the year ended immediately precedent to the application for investing in such insurance agency and (iii) without records of material violations of regulation or penalty for three years precedent to the application for investing in such insurance agency;

(b) invested by an overseas insurance agency with more than 3 years of experience in the business of insurance agency;

(c) invested by an overseas insurance company operated in the PRC with more than 3 years of operation; or

(d) invested by an overseas insurance group company or foreign-invested insurance group company operated in the PRC.

However, we do not satisfy and do not expect to be able to satisfy any of these qualification requirements as a foreign investor of a foreigner-invested insurance agency as listed above and, therefore, the foreign ownership through equity holding by us or our PRC subsidiary shall be subject to the restriction of 25%.

With the assistance of our PRC Legal Adviser, we consulted an official of the National Financial Regulatory Administration and an official of the Beijing Branch of the National Financial Regulatory Administration respectively on December 19, 2023 and December 28, 2023, who are competent to represent the National Financial Regulatory Administration and its Beijing Branch, which are competent authorities as advised by our PRC Legal Adviser to confirm the matters relating to foreign investment in insurance agency and qualification requirements. During the consultations, the officials confirmed that (i) the foreign ownership of an insurance agency shall be calculated on a look-through basis. Since the ultimate shareholders of the investor of Beijing Little Whale include PRC domestic investors, the foreign ownership of Beijing Little Whale is actually below 25% on a look-though basis according to the regulatory practice; and (ii) the equity interest held by our PRC subsidiary, i.e. Chongho Bridge Group Limited, in Beijing Little Whale shall not exceed 25%.

As a result, we operate our insurance distribution services through Beijing Xiangzhu's subsidiary, Beijing Little Whale, with an Insurance Agent License, 25% of whose equity interest is directly held by our PRC subsidiary Chongho Bridge Group Limited. In light of the above and given that the revenue contribution from Beijing Little Whale to our Group during each year/period of the Track Record Period was not material, our PRC Legal Adviser is of the view that the arrangement in place regarding Beijing Little Whale is narrowly tailored to achieve our business purpose and to minimize the potential for conflict with relevant PRC laws and regulations.

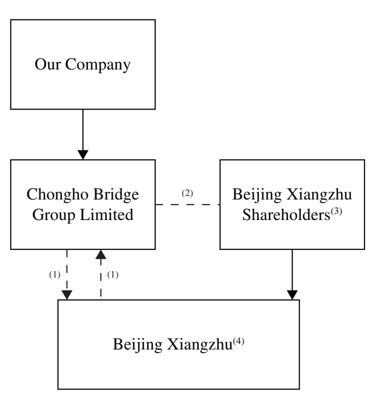
We will communicate with the relevant authorities following the [**REDACTED**] to keep abreast of any regulatory developments, and will adjust the Contractual Arrangements to satisfy the "narrowly tailored" principle as set forth in Chapter 4.1 of the Guide for New Listing Applicants to the extent practicable, as soon as practicable after further guidance from authorities is published with respect to the specific requirements under the then applicable PRC laws and regulations and the regulatory procedures that we need to follow to complete such adjustment.

Circumstances in which we will unwind the Contractual Arrangements

We will unwind and terminate the Contractual Arrangements as soon as practicable in respect of the Relevant Businesses, to the extent permissible, and we will directly hold the maximum percentage of ownership interest permissible under the relevant PRC laws if the relevant government authority grants relevant licenses to the foreign-invested entities currently held and to be established by our Company. In this event Chongho Bridge Group Limited will exercise its rights under the exclusive purchase option agreements to unwind and terminate the Contractual Arrangements to the extent permissible and we will directly operate the Relevant Businesses without using the Contractual Arrangements.

CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements as entered into among Chongho Bridge Group Limited, Beijing Xiangzhu and/or Beijing Xiangzhu Shareholders:



"______" denotes legal and beneficial interest in the equity interest
"_ _ _ _" denotes the Contractual Arrangements

Notes:

(1) Chongho Bridge Group Limited provides business cooperation and related services and technical consultancy services in exchange for service fees from Beijing Xiangzhu under the exclusive business cooperation agreements and the exclusive technical consultancy and service agreements.

(2) Each of the Beijing Xiangzhu Shareholders executed an exclusive purchase option agreement, equity pledge agreement, voting proxy agreement and power of attorney in favour of Chongho Bridge Group Limited.

(3) The registered shareholders of Beijing Xiangzhu are Ms. Li Zhen (as to 70%), the executive Director and chief financial officer of our Group and a joint company secretary, and Dr. Liu Dongwen (as to 30%), the chairman of the Board and executive Director of our Group (collectively, the "**Beijing Xiangzhu Shareholders**").

(4) As at the Latest Practicable Date, Beijing Little Whale is held as to 60% by Beijing Xiangzhu, 25% by Chongho Bridge Group Limited and 15% by Deshun Fengkai (Beijing) Data Analytics Co., Ltd. (德順風開(北京)數據分析技術有限公司), which is 100% held by Ms. Ji Changfeng (冀長鳳), an independent third party.

SUMMARY OF THE MATERIAL TERMS OF THE CONTRACTUAL ARRANGEMENTS

Exclusive Business Cooperation Agreement

Beijing Xiangzhu and Chongho Bridge Group Limited entered into an exclusive business cooperation agreement on September 28, 2018 and subsequently amended and restated on January 19, 2024, pursuant to which Beijing Xiangzhu agreed to engage Chongho Bridge Group Limited as its exclusive provider of business cooperation and related services, including but not limited to technical consultancy and application, operation management, human resources and assets management and intellectual properties arrangement, in exchange for service fees. The service fees shall be decided in accordance with the related service agreements entered into between Beijing Xiangzhu and Chongho Bridge Group Limited.

Pursuant to the exclusive business cooperation agreement, Chongho Bridge Group Limited has the exclusive and complete proprietary rights to all intellectual properties developed in performance of obligations developed in performance of obligations under the exclusive business cooperation Agreement, whether developed by Beijing Xiangzhu, Chongho Bridge Group Limited, or jointly.

The exclusive business cooperation agreement shall remain effective until (i) the parties agree to terminate in writing; or (ii) Chongho Bridge Group Limited exercises its unilateral right to terminate with a 30 days' prior written notice to Beijing Xiangzhu and the Beijing Xiangzhu Shareholders in accordance with the terms of the exclusive business cooperation agreement. Subject to applicable laws and unless stated otherwise in the agreement, Beijing Xiangzhu does not have the right to unilaterally terminate the agreement.

Exclusive Technical Consultancy and Service Agreement

Beijing Xiangzhu and Chongho Bridge Group Limited entered into an exclusive technical consulting and services agreement on September 28, 2018 and subsequently amended and restated on January 19, 2024, pursuant to which Beijing Xiangzhu agreed to engage Chongho Bridge Group Limited as its exclusive provider of technical consultancy and services in exchange for service fees. Under these arrangements, Chongho Bridge Group Limited will determine the service fees at its sole discretion after taking into account the following factors: (i) technical difficulty and complexity of the services; (ii) time spent in providing the services; (iii) contents and commercial value of the services; and (iv) the benchmark price of similar services in the market. The service fees are payable on a quarterly basis upon receipt of a payment bill issued by Chongho Bridge Group Limited.

Pursuant to the exclusive technical consulting and services agreement, Chongho Bridge Group Limited has the exclusive and complete proprietary rights to all intellectual properties developed in performance of obligations under the exclusive technical consulting and services agreement, whether developed by Beijing Xiangzhu, Chongho Bridge Group Limited, or jointly.

The exclusive technical consulting and services agreement shall remain effective until (i) Beijing Xiangzhu is dissolved in accordance with the laws of the PRC; (ii) the parties agree to terminate in writing; or (iii) Chongho Bridge Group Limited exercises its unilateral right to terminate with a 30 days' prior written notice to Beijing Xiangzhu and the Beijing Xiangzhu Shareholders in accordance with the terms of the exclusive technical consulting and services agreement. Subject to applicable laws and unless stated otherwise in the agreement, Beijing Xiangzhu does not have the right to unilaterally terminate the agreement.

Exclusive Purchase Option Agreement

Beijing Xiangzhu, the Beijing Xiangzhu Shareholders and Chongho Bridge Group Limited entered into an exclusive purchase option agreement on September 28, 2018 and subsequently amended and restated on January 19, 2024, pursuant to which Chongho Bridge Group Limited and/or a third party designated by it was granted an irrevocable, unconditional and exclusive right to purchase all or any of the equity interest in and/or assets of Beijing Xiangzhu held at present or in the future for a consideration equivalent to RMB1.0 or the lowest price permitted under PRC laws at the time of purchasing, in the case of equity interest transfer, and for a consideration equivalent to the lowest price permitted under PRC laws at the time of purchasing, in the case of asset transfer. The assets of Beijing Xiangzhu include but are not limited to: any real property, movable property, any equity interests and assets of subsidiaries controlled by Beijing Xiangzhu and intellectual property rights.

Beijing Xiangzhu and the Beijing Xiangzhu Shareholders have covenanted that, among other things:

(i) without the prior consent of Chongho Bridge Group Limited, they shall not in any manner supplement, change or amend the constitutional documents of Beijing Xiangzhu, increase or decrease its registered capital, or change the structure of its registered capital in other manner, and shall not assist or permit the Beijing Xiangzhu Shareholders to transfer or dispose of in any manner the equity interest of Beijing Xiangzhu or allow the aforementioned to be the subject of a guarantee or any third party interest;

(ii) Beijing Xiangzhu shall not conduct or permit any action or omission which could have an adverse effect upon Chongho Bridge Group Limited's interests under the exclusive purchase option agreement;

(iii) they shall maintain Beijing Xiangzhu's corporate existence in accordance with good financial and business standards and practices by effectively and prudently operating its business and handling its affairs;

(iv) without the prior consent of Chongho Bridge Group Limited, they shall not sell, transfer, pledge or dispose of in any manner any of the legal or beneficial interest in any asset, business or revenues of Beijing Xiangzhu or allow the aforementioned to be the subject of a guarantee;

(v) without the prior consent of Chongho Bridge Group Limited, Beijing Xiangzhu shall not incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business of Beijing Xiangzhu or not disclosed and consented in writing to by Chongho Bridge Group Limited;

(vi) they shall maintain the ordinary business operations of Beijing Xiangzhu so as to maintain the value of the assets of Beijing Xiangzhu, and shall not take any action or omission which could have an adverse effect upon its business operation or asset value;

(vii) without the prior consent of Chongho Bridge Group Limited, they shall not cause Beijing Xiangzhu to execute any material contract with a value above RMB100,000, except the contracts executed in the ordinary course of business;

(viii) without the prior consent of Chongho Bridge Group Limited, they shall not cause Beijing Xiangzhu to provide any person with any loan or credit, or provide guarantee, or undertake any substantial obligations beyond the ordinary course of business;

(ix) without the prior consent of Chongho Bridge Group Limited, they shall not cause or permit Beijing Xiangzhu to merge or combine with any third party, or acquire or invest in any third party;

(x) without the prior consent of Chongho Bridge Group Limited, they shall not liquidate, dissolve or deregister Beijing Xiangzhu; and

(xi) without the prior consent of Chongho Bridge Group Limited, they shall ensure Beijing Xiangzhu does not distribute any form of dividend to the Beijing Xiangzhu Shareholders. Beijing Xiangzhu shall allocate all distributable profits to the Beijing Xiangzhu Shareholders immediately upon Chongho Bridge Group Limited's request.

In addition, the Beijing Xiangzhu Shareholders, among other things, have covenanted that:

(i) without the prior consent of Chongho Bridge Group Limited, they shall not sell, transfer, pledge or dispose of in any manner any of their legal or beneficial interest in Beijing Xiangzhu or allow the aforementioned to be the subject of a guarantee, other than the pledge created thereon under the equity pledge agreement entered into as part of the Contractual Arrangements;

(ii) they shall not dispose or cause the management of Beijing Xiangzhu to dispose of any assets of Beijing Xiangzhu or create any guarantee, encumbrance or any other right in the benefit of any third party thereon;

(iii) without the prior consent of Chongho Bridge Group Limited, they shall not vote for or support, or execute any resolution at shareholders' meetings or board meetings of Beijing Xiangzhu to approve sale, transfer, pledge, or disposal of legal or beneficial equity interest in Beijing Xiangzhu held by the Beijing Xiangzhu Shareholders and/or equity interest in Beijing Xiangzhu's subsidiaries held by Beijing Xiangzhu or creation of any encumbrances thereon, other than the pledge created thereon under the equity pledge agreement entered into as part of the Contractual Arrangements;

(iv) they shall not vote for or support, or execute any resolution at shareholders' meetings or board meetings of Beijing Xiangzhu to approve Beijing Xiangzhu to merge or combine with any third party, or acquire or invest in any third party;

(v) they shall cause the shareholders' meeting or executive directors' meeting to vote in favour of the transfer of equity interest under the exclusive purchase option agreement and any other action requested by Chongho Bridge Group Limited;

(vi) they shall unconditionally and immediately transfer their equity interest in Beijing Xiangzhu in accordance with the exclusive purchase option agreement as Chongho Bridge Group Limited requests;

(vii) they shall procure Beijing Xiangzhu not to announce or pay any distributable profits, dividends or bonus; and

(viii) they shall not appoint or replace any directors, supervisors or any managers of Beijing Xiangzhu who shall be appointed by the Beijing Xiangzhu Shareholders, and once requested by Chongho Bridge Group Limited, they shall appoint the person designated by Chongho Bridge Group Limited to be the directors of Beijing Xiangzhu.

The exclusive purchase option agreement will remain effective until (i) Beijing Xiangzhu is dissolved in accordance with the laws of the PRC, and (ii) Chongho Bridge Group Limited exercises its unilateral right to terminate with a 30 days' prior written notice to Beijing Xiangzhu and the Beijing Xiangzhu Shareholders in accordance with the terms of the exclusive purchase option agreement. Subject to applicable laws and unless stated otherwise in the agreement, Beijing Xiangzhu and the Beijing Xiangzhu Shareholders do not have the right to unilaterally terminate the agreement.

Equity Pledge Agreement

Beijing Xiangzhu, the Beijing Xiangzhu Shareholders and Chongho Bridge Group Limited entered into an equity pledge agreement on September 28, 2019 and subsequently amended and restated on January 19, 2024, pursuant to which the Beijing Xiangzhu Shareholders pledged all of their respective equity interests in Beijing Xiangzhu and dividends in respect of their equity interests in Beijing Xiangzhu to Chongho Bridge Group Limited as collateral security to secure the interests of Chongho Bridge Group Limited under the Contractual Arrangements.

Among other things, the Beijing Xiangzhu Shareholders and Beijing Xiangzhu have warranted and undertaken that without Chongho Bridge Group Limited's prior written consent, they shall not transfer or permit the encumbrance of any of the equity interests in Beijing Xiangzhu.

Should an event of default (as provided in the equity pledge agreement) occur, unless it is successfully resolved to Chongho Bridge Group Limited's satisfaction, Chongho Bridge Group Limited is entitled to implement the pledge under the Equity Pledge Agreement if the above default is not successfully resolved to Chongho Bridge Group Limited's satisfaction at the time of issuing the written demand or at any time thereafter.

The equity pledge agreement will remain effective until (i) the obligations of Beijing Xiangzhu and the Beijing Xiangzhu Shareholders under the Contractual Arrangements have been fully performed and their secured debts have been fully repaid; or (ii) Chongho Bridge Group Limited exercises its unilateral right to terminate with a 30 days' prior written notice to Beijing Xiangzhu and the Beijing Xiangzhu Shareholders in accordance with the terms of the equity pledge agreement.

Voting Proxy Agreement and Power of Attorney

Chongho Bridge Group Limited, Beijing Xiangzhu and the Beijing Xiangzhu Shareholders entered into an irrevocable power of attorney on September 28, 2018 and subsequently amended and restated to a voting proxy agreement on January 19, 2024, pursuant to which each of the Beijing Xiangzhu Shareholders and Beijing Xiangzhu irrevocably agreed to appoint Chongho Bridge Group Limited and/or its designee as their exclusive agent and attorney to act on their behalf on all matters concerning Beijing Xiangzhu and/or its subsidiaries and to exercise all of their rights as shareholders of Beijing Xiangzhu and/or its subsidiaries, including, among others:

(i) to propose, convene and attend shareholders' meetings of Beijing Xiangzhu;

(ii) to exercise voting rights vested on the Beijing Xiangzhu Shareholders and execute any and all written resolutions and meeting minutes in the name and on behalf of them in respect of Beijing Xiangzhu, including but not limited to appointment and election of directors, supervisors and senior management, disposal of assets, alteration of constitutional documents, dissolution and liquidation, formation of a liquidation committee and exercise of the functions and powers of the liquidation committee during the liquidation period;

(iii) to file documents with the relevant companies registry;

(iv) to exercise any other rights of shareholders provided under the PRC laws or the articles of associations; and

(v) to execute all relevant documents and to carry out all necessary procedures for governmental approval, registration and filing in connection with a transfer of equity interest pursuant to the exclusion purchase option agreement;

Pursuant to the voting proxy agreement, Chongho Bridge Group Limited is entitled to assign all or part of its rights to any other individuals and/or entities at its own discretion, without first giving notification to, or seeking prior consent from, Beijing Xiangzhu or the Beijing Xiangzhu Shareholders. As a result of the voting proxy agreement, the Company, through Chongho Bridge Group Limited, is able to exercise management control over the activities that most significantly impact the economic performance of Beijing Xiangzhu and its subsidiaries.

The voting proxy agreement shall remain effective until (i) the parties agree to terminate in writing; (ii) Chongho Bridge Group Limited exercises its unilateral right to terminate following a breach of obligations by Beijing Xiangzhu in accordance with the terms of the Voting Proxy Agreement; or (iii) Beijing Xiangzhu Shareholders transfer all the equity interests of Beijing Xiangzhu held by them with written consent of Chongho Bridge Group Limited. Subject to applicable laws and unless stated otherwise in the agreement, Beijing Xiangzhu and the Beijing Xiangzhu Shareholders do not have the right to unilaterally terminate the agreement.

Spouse Undertakings

Each of the spouses of the Beijing Xiangzhu Shareholders executed an irrevocable undertaking dated January 19, 2024, whereby he/she expressly acknowledged and undertook that, among others, (i) he/she does not hold any right or interest in any equity interests held by his/her spouse as a registered shareholder in Beijing Xiangzhu; (ii) he/she will not take any measures that are in conflict with the Contractual Arrangements; and (iii) if regulatory authorities demand him/her to amend the spouse undertakings, he/she will unconditionally cooperate in an overall and timely way.

Each of the spouses of the Beijing Xiangzhu Shareholders also undertook that should he/she by any reason hold any equity interest in Beijing Xiangzhu, he/she will be bound by, as amended from time to time, the exclusive purchase option agreement, the exclusive business cooperation agreement, the exclusive technical consultancy and service agreement, the equity pledge agreement and the voting proxy agreement. He/she undertook to comply with the obligations of Beijing Xiangzhu's shareholders as set out in the aforementioned agreements, and for this purpose, to execute agreements on substantially similar terms as the aforementioned agreements upon Chongho Bridge Group Limited's request.

OTHER ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Dispute Resolution

In the event of any dispute under the Contractual Arrangements, each of them provides that:

(a) all disputes shall first be settled through friendly negotiation;

(b) if such dispute fails to be resolved by negotiations within thirty days, any party shall have the right to submit the relevant dispute to the China International Economic and Trade Arbitration Commission, and such dispute shall be arbitrated in Chinese language in accordance with the then prevailing arbitration rules by three arbitrators in Beijing, China, with such arbitration award final and binding on all parties to the arbitration;

(c) prior to the final award, the arbitration institution shall have the right to grant Chongho Bridge Group Limited with appropriate legal remedies, including relevant remedial measures regarding the shares or assets or property rights of Beijing Xiangzhu, remedial injunctions, and dissolution or liquidation of the Beijing Xiangzhu; and

(d) subject to, and in compliance with PRC laws, competent courts (including the courts of China, Hong Kong, the Cayman Islands and the place where the principal assets of our Company or Beijing Xiangzhu are located) have the power to grant interim remedies before the formation of the arbitral tribunal or in appropriate cases to support arbitration.

Our PRC Legal Adviser has, however, advised that (i) an arbitral tribunal normally would not grant injunctive relief or winding up order of Beijing Xiangzhu under current PRC laws; and (ii) interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China.

As a result of the above, in the event that Beijing Xiangzhu or the Beijing Xiangzhu Shareholders breach any terms of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert fully effective control over the Consolidated Affiliated Entities and to conduct our business could be materially and adversely affected. See the subsection headed "Risk Factors—Risks Relating to Our Contractual Arrangements" in this document for details.

Succession

Each of the Contractual Arrangements are also binding on the successors of the Beijing Xiangzhu Shareholders, as if the successors were signing parties to the Contractual Arrangements. Under the succession laws of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents and any breach by the successors would be deemed to be a breach of the Contractual Arrangements.

In case of a breach, Chongho Bridge Group Limited can enforce its rights against the successors. Pursuant to the Contractual Arrangements, any inheritor of the Beijing Xiangzhu Shareholders shall inherit any and all rights and obligations of the registered shareholders under the Contractual Arrangements, as if the inheritor was a signing party to such Contractual Arrangements.

According to the terms of the exclusive purchase option agreement, the equity pledge agreement, the voting proxy agreement and the powers of attorney, each of the Beijing Xiangzhu Shareholders has undertaken that he/she has carried out all appropriate measures and executed all necessary documents, such that in the event of their death, loss of capacity, divorce, bankruptcy or under other circumstance which would affect their exercise of equity interest in Beijing Xiangzhu his/her successor who, as a result, obtains shareholding or relevant rights in Beijing Xiangzhu would not be able to affect or impede the performance of obligations under the relevant contract.

In addition, the spouses of the Beijing Xiangzhu Shareholders have executed an irrevocable undertaking dated January 19, 2024. See the subsection "Spouse Undertakings" in this section for details of the undertaking.

Arrangements to Address Potential Conflicts of Interests

Pursuant to the voting proxy agreements, the Beijing Xiangzhu Shareholders have undertaken that they (i) would not execute any documents with or make any undertaking to any third parties that may have conflicts of interests with any agreements entered into between the Beijing Xiangzhu Shareholders and Chongho Bridge Group Limited; (ii) they shall not commit or refrain from committing any act that may lead to conflicts of interests between the Beijing Xiangzhu Shareholders and Chongho Bridge Group Limited and (iii) in the event of the occurrence of a conflict of interests, subject to PRC laws, they shall take any measure instructed by Chongho Bridge Group Limited to eliminate such conflicts.

The voting proxy agreement also provides that, in order to avoid potential conflicts of interest, where the Beijing Xiangzhu Shareholders are officers or directors of our Group, the powers of attorney to be granted pursuant to the voting proxy agreement shall be determined by other independent or non-conflict-of-interest officers or Directors in the interest of our Group.

Loss Sharing

Neither the agreements constituting the Contractual Arrangements nor PRC laws provide or require that our Company or Chongho Bridge Group Limited be obligated to share the losses of our Consolidated Affiliated Entities or provide financial support to our Consolidated Affiliated Entities. Further, each of our Consolidated Affiliated Entities is a separate legal entity and shall be solely liable for its own debts and losses with assets and properties owned by it.

Despite the foregoing, given that our Company conducts its businesses in the PRC through our Consolidated Affiliated Entities which hold the requisite PRC licences and approvals, and that our Consolidated Affiliated Entities' financial condition and results of operations are consolidated into our Company's financial statements under the applicable accounting principles, our business, financial condition and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses. Therefore, the provisions in the Contractual Arrangements are tailored so as to limit, to the greatest extent possible, the potential adverse effect on Chongho Bridge Group Limited and our Company resulting from any loss suffered by our Consolidated Affiliated Entities.

Liquidation

Pursuant to the voting proxy agreements, the Beijing Xiangzhu Shareholders have undertaken that Chongho Bridge Group Limited or its designee are entitled to appoint members of the liquidation committee of Beijing Xiangzhu and its subsidiaries upon the winding up of Beijing Xiangzhu or its subsidiaries. Pursuant to the exclusive purchase option Agreements, in the event of a dissolution or liquidation, all of the remaining assets of Beijing Xiangzhu and its interests in its subsidiaries shall be transferred to Chongho Bridge Group Limited or its designee after such dissolution or liquidation pursuant to PRC laws.

Insurance

We do not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Company's confirmation

Our Directors confirm that, as of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, our PRC Legal Adviser is of the opinion that:

(i) the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements are valid and legally binding on the parties thereto, except in the following cases: under the current PRC laws, the arbitration body does not have the power to grant any injunctive relief, requiring civil entities to act or not to act, therefore the injunctive relief and other temporary relief measures under Contractual Arrangements may not be legally and effectively enforced under current PRC law;

(ii) the execution and performance of the Contractual Arrangements would not fall within the circumstances which cause such arrangements to be deemed as invalid civil juristic act under the PRC Civil Code (中華人民共和國民法典);

(iii) the execution and performance of the Contractual Arrangements do not violate the provisions of the articles of association of Chongho Bridge Group Limited and Beijing Xiangzhu; and

(iv) the execution of the Contractual Arrangements does not require any approvals or authorisations from PRC governmental authorities, except that:

(a) the pledge of any equity interest in the Consolidated Affiliated Entities in favour of Chongho Bridge Group Limited is subject to registration requirements with the relevant administration for market regulation, which was completed on December 19, 2023;

(b) the exercise by Chongho Bridge Group Limited of its options rights under the exclusive purchase option agreements may be subject to the approval of, consent of, filing with and/or registration with PRC governmental authorities;

(c) the transfer and licence of the intellectual properties pursuant to the Business Cooperation Agreements are subject to the approval of and/or registration with competent government authorities;

(d) any arbitral awards or foreign rulings and/or judgments in relation to the performance of the Contractual Arrangements are subject to applications to competent PRC courts for recognition and enforcement; and

(e) under PRC laws, an arbitral body does not have the power to grant any injunctive relief, requiring civil entities to act or not to act, or requiring winding-up of each of our Consolidated Affiliated Entities as interim remedies.

Our PRC Legal Adviser has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules, and there can be no assurance that the PRC regulatory authorities will not take a view that is contrary or otherwise different to the opinion of our PRC Legal Adviser.

Based on all of the above, our Directors are of the view that the Contractual Arrangements are narrowly tailored because the Contractual Arrangements are only used to enable our Company to control our Consolidated Affiliated Entities that engage in the operation of Relevant Business where PRC laws restrict foreign ownership and impose Qualification Requirements on the foreign owners that are currently impracticable for us to meet.

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company, a waiver has been sought from and [has been granted] by the Stock Exchange, details of which are disclosed in the section headed "Connected Transactions" of this Document.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

According to IFRS 10 – Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it 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. Although our Company does not directly or indirectly own the Consolidated Affiliated Entities, the Contractual Arrangements enable our Company to exercise control over the Consolidated Affiliated Entities.

Under the exclusive business cooperation agreements, it was agreed that, in consideration of the services provided by Chongho Bridge Group Limited, Beijing Xiangzhu will pay service fees to Chongho Bridge Group Limited. The service fees are to be determined by Chongho Bridge Group Limited based on the quantity and commercial value of technical services provided. Chongho Bridge Group Limited may adjust the service fees at its sole discretion. Beijing Xiangzhu and its subsidiaries shall deliver to Chongho Bridge Group Limited their respective management accounts and operating statistics periodically. Accordingly, Chongho Bridge Group Limited has the ability, at its sole discretion, to extract substantially all of the economic benefit of the Consolidated Affiliated Entities through the exclusive business cooperation agreements.

In addition, under the exclusive purchase option agreements among the parties, Chongho Bridge Group Limited has absolute control over the distribution of dividends or any other amounts to the Beijing Xiangzhu Shareholders as Chongho Bridge Group Limited's prior written consent is required and Chongho Bridge Group Limited can request for immediate distribution of profits to be made.

Further, under the voting proxy agreements and the powers of attorney, Chongho Bridge Group Limited assumes all rights as shareholder and exercises control over Beijing Xiangzhu and its subsidiaries, including the right to propose, convene and attend shareholders' meetings, the right to sell, transfer, pledge or dispose of shares, the right to exercise shareholders' voting rights and to appoint the director, supervisor and other senior management members appointed by the shareholders' meetings of Beijing Xiangzhu and its subsidiaries. As a result of these agreements, we have obtained control of the Consolidated Affiliated Entities through Chongho Bridge Group Limited and, under our sole discretion, can receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities. Accordingly, the Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into our financial statements.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(iii) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and

(iv) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Chongho Bridge Group Limited and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

DEVELOPMENT IN PRC LEGISLATION ON FOREIGN INVESTMENT

Foreign Investment Law

On March 15, 2019, the National People's Congress approved the Foreign Investment Law which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law (外商投資法實施條例), which came into effect on January 1, 2020. The Foreign Investment Law replaced the Law on Sino-Foreign Equity Joint Ventures, the Law on Sino-Foreign Contractual Joint Ventures and the Law on Foreign-Capital Enterprises to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

Impact and consequences of the Foreign Investment Law

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. As advised by our PRC Legal Adviser, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council" without elaboration on the meaning of "other methods". The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements. There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the abovementioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC Laws. See "Risk factors—Risks relating to our business and industry—Our current corporate structure and business operations may be affected by the Foreign Investment Law".

OUR MISSION

Serve the last "hundred meters" of rural China.

OUR VISION

Make rural life better.

OUR VALUES

Social responsibility is embedded in our DNA. Since our founding, we have operated with a view to benefiting rural society. Upholding our values of "integrity above all," "customers first," and "disciplined innovation," we persistently focus on "empowering rural residents" and strive to create sustainable value for shareholders and society at large.

WHO WE ARE

We are a leading integrated services provider to China's rural population. We empower small-scale farmers and small rural business owners with comprehensive, technology-driven products and services, including rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services. Over nearly 30 years, our business has achieved considerable scale by building upon our extensive local service network deeply rooted in China's rural areas as well as technology-enabled service excellence. As of September 30, 2023, our footprint spanned more than 100,000 villages across nearly 500 counties in 21 provincial-level regions in China, covering a rural population of nearly 200 million. As of the same date, our local service network was comprised of nearly 500 branches across China, with over 6,400 employees in cooperation with over 118,000 village-level partners who are close to customers. We are the largest non-traditional financial institution targeting China's rural market in terms of total loan balance as of December 31, 2022, according to the Frost & Sullivan Report. We are also the largest e-commerce platform for agricultural inputs and equipment targeting China's rural market, in terms of GMV in 2022, according to the same source.

OUR SERVICES

Chinese government policy supports "rural revitalization" as a national priority. China had a large rural population of approximately 491 million as of December 31, 2022, and this enormous market remains mostly served by small-scale farmer households and small rural businesses that make up 98% of all rural operating entities, according to the Frost & Sullivan Report. Recent growth in China's rural economy has outpaced growth in the urban market. But rural customers face pain points that leave their communities underserved. They lack products and services that are tailored to their needs, as well as channels that deliver them effectively. We have identified these unmet demands of rural customers and satisfied them by providing the following four types of services:

- **Rural Inclusive Credit Services:** To address rural customers' acute yet unmet needs for credit, we offer rural inclusive credit services primarily to finance their business operations and purchases of production equipment. These services are specifically designed to address the challenges that rural customers face in obtaining loans from traditional financial institutions and Internet finance platforms.

- **Agricultural Production Services:** To address rural households' difficulties in adopting agricultural production technology and a lack of tailored agricultural input services, we provide comprehensive agricultural production services to rural customers engaged in crop and livestock production. These technology-powered services make agricultural production more sustainable and efficient, helping small-scale farmers and small rural business owners increase their income.

- **Rural Consumer Goods and Services:** To address rural residents' rising consumption demands and improve their quality of life, we offer consumer goods, services and digital access to insurance policies that are customized to the needs of rural customers.

- **Rural Clean Energy Services:** To increase the income of rural residents, we enable rural residents to utilize their vacant rooftops to generate solar power. These services reduce carbon emissions and promote the transition towards clean energy.

Strong demand for our services has allowed us to achieve considerable business scale:

Deeply Rooted in Rural China for Nearly 30 Years

Rural Inclusive Credit Services	Non-Credit Services	Scale and Substantial Growth
No. 1 among inclusive credit companies targeting China's rural market[1]	**No. 1** among agricultural inputs and equipment e-commerce platforms targeting China's rural market[2]	**~500 | 100,000** counties | villages covered[3]
RMB138.7 bn aggregate drawdown amount for rural inclusive credit services[4]	1-9M, 2023 **RMB1.5 bn | *34.5%*** non-credit services GTV[5] | YoY growth[6]	1-9M, 2023 **1.0 mn | *21.0%*** transacting customers[7] | YoY growth[6]
90.2% | 70.3% ***69.1% | 20.2%*** small-scale farmers% | less educated%[8] female%[9] | minority%[3]	1-9M, 2023 ***35.0% | 60.2%*** revenue contribution from non-credit services[7] | YoY growth[6]	1-9M, 2023 **RMB452.8 mn | *20.1%*** non-IFRS adjusted net profit[7] | YoY growth[6]

Notes:

1. In terms of total loan balance as of December 31, 2022.

2. In terms of GMV for the year ended December 31, 2022.

3. As of September 30, 2023.

4. Aggregate amount recorded as of September 30, 2023 since the inception of our rural inclusive credit services.

5. For the nine months ended September 30, 2023; non-credit business GTV represents a total value of GMV of agricultural production services, consumer retail services, and gross written premium of insurance policies distributed through our platform in the same period.

6. Growth from the nine months ended September 30, 2022 to the nine months ended September 30, 2023.

7. For the nine months ended September 30, 2023.

8. Percentage of less-educated customers represents percentage of customers with education level of middle school or below.

9. Female Participation Rate, defined as the number of households that obtained credit services with a female member acting as principal borrower or co-borrower, divided by the total number of households that obtained credit services during the same year/period.

OUR TECH-ENABLED APPROACH

Our omni-channel operating model fully integrates online and offline services in order to meet the unique needs of China's rural market. Rural areas have low population densities and digitalization rates; their residents are more accustomed to traditional in-person services in close-knit community settings. As a result, a pure-play online platform cannot fully address the demands of rural customers, whereas pure in-person service model may restrain business scalability and sustainability.

We have developed our proprietary intelligent tech stack, which we also refer to as our "Super Brain," that situates at the core of our omni-channel operating model. Our Super Brain connects our headquarters with our local service network of over 6,400 employees in cooperation with over 118,000 village-level partners who are close to customers. It digitalizes and synchronizes information and learns from operational feedback to expedite decision-making and design standardized, replicable processes that support the efficient expansion of our business. Our Super Brain leverages digital operating systems that manage and empower our employees and village-level partners to deliver consistent, customized service to our rural customers. It generates real-time insights from interactions with customers to timely identify and address their needs and designs new products and services, enabling us to adapt rapidly to changes in China's vast rural market, in turn further benefiting our customers and business partners. Our Super Brain enhances the efficiency and service quality of our local service network, enabling us to serve rural customers more consistently and effectively.

We strive to achieve profitability while benefiting the society, and to operate sustainably while maintaining customer trust. During the Track Record Period, despite the challenges of the COVID-19 pandemic, our business remained resilient and grew steadily with sustained annual operating profitability while staying true to our values. Our revenue increased by 9.2% from RMB2,223.9 million in 2021 to RMB2,429.2 million in 2022 and further increased by 22.3% from RMB1,857.6 million in the nine months ended September 30, 2022 to RMB2,272.0 million in the same period in 2023. Notably, our revenue from non-credit services grew by 60.2% year-over-year from the nine months ended September 30, 2022 to the same period in 2023, and its contribution to our total revenue increased from 26.7% to 35.0% in the nine months ended September 30, 2022 and 2023, respectively. Due in part to the losses from changes in fair value of redeemable preferred shares, we recorded net losses of RMB36.4 million and RMB199.2 million in 2021 and 2022; we also recorded net loss of RMB275.1 million in the nine months ended September 30, 2022, and we achieved net profit of RMB330.5 million in the nine months ended September 30, 2023. During the Track Record Period, our adjusted net profit was RMB506.5 million and RMB472.6 million in 2021 and 2022, respectively, and increased by 20.1% from RMB377.2 million in the nine months ended September 30, 2022 to RMB452.8 million in the same period in 2023.

MARKET OPPORTUNITIES

The Chinese government has prioritized rural development, such as improvement in the income and quality of life of rural residents, as well as expansion of green agriculture and rural industries. Since "rural revitalization" was set as a national strategy in 2017, a series of supportive policies and ancillary measures has been introduced. We believe that these initiatives will further improve farmers' livelihoods, the agricultural sector and the development of rural areas, thereby driving the modernization and digital transformation of China's rural market. This also presents us with substantial opportunities to help small-scale farmers, small rural business owners and households increase their income and benefit from advanced technologies.

Enormous Chinese Rural Market

According to the Frost & Sullivan Report, as of December 31, 2022, the population of China's permanent rural residents was approximately 491 million, accounting for 34.8% of the total national population, covering 2,843 counties (including 2,323 agricultural counties), 38,602 townships, and 477,874 villages. China's enormous rural market is still served by an immensely diverse mosaic of small-scale operators, with 98% of rural operating entities being small-scale farmer households and small rural businesses.

In recent years, the rural economy has shown steady and positive growth, with rural per capita disposable income and per capita consumption spending growing 41% and 110% faster than that of the urban market from 2018 to 2022, respectively. However, rural areas generally have low population density with low Internet penetration rate, making it costly to provide services to rural customers. There is also a lack of channels to directly reach rural customers and a lack of products and services tailored to rural customers. On the other hand, due to limited access to information, lack of familiarity with complex products and reliance on close relationships within local communities, rural customers tend to rely on word of mouth and in-person services when making critical purchasing decisions in production and daily life. As a result, rural customers remain underserved with user-friendly, convenient, and reliable products and services.

- **Rural Inclusive Credit:** Rural residents commonly need credit funding to finance their production and operations. Demand for production and operation loans from non-traditional financial institutions in the rural market is expected to reach RMB2.0 trillion by 2027, with a CAGR of 16.1% from 2023 to 2027. Despite rapid growth in rural inclusive credit services in recent years, rural residents still have acute yet unmet needs for credit due to various constraints, such as the small scale of their operations and lack of collateral. Loans obtained through our platform represented 8.1% of the total outstanding loan balance in 2022 from all non-traditional financial institutions targeting China's rural market. We believe that we can increase our market share by growing our penetration and coverage to address unmet demands by leveraging our trust-based local service network.

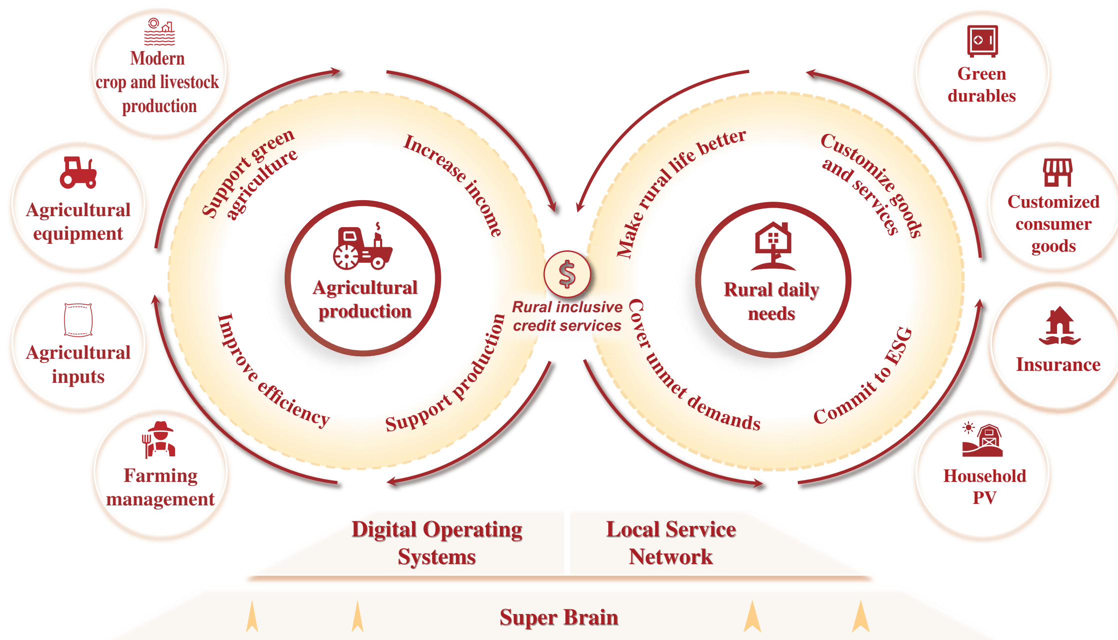
- **Agricultural Production:** Over the long term, it is expected that China's enormous rural market will continue to be served by an immensely diverse mosaic of small-scale operators. According to the Frost & Sullivan Report, 35.2% of ordinary rural households face difficulties with agricultural production technology, yet the proportion that accepts or purchases various types of agricultural production services is only between 0.9% and 6.7%, indicating significant opportunities to provide agricultural inputs and services tailored to small-scale farmers and potential for market growth. GMV of agricultural inputs and equipment sold online to consumers in China's rural market reached RMB97.2 billion in 2022, and is expected to reach 171.3 billion in 2027, with a CAGR of 11.8% from 2023 to 2027. We believe that we can increase our market share by expanding our customer reach and enhancing customer engagement.

- **Rural Consumer Goods and Services:** Rising consumption demand among rural residents in China gives rise to substantial market opportunities. According to the Frost & Sullivan Report, the scale of China's rural consumption market was RMB5.2 trillion in 2022 and is expected to increase to RMB7.1 trillion by 2027, with a CAGR of 6.2% from 2023 to 2027 (which is higher than the CAGR for the urban consumption market for the same period). Specifically, the size of China's market for rural green durables was RMB392.2 billion in 2022 and is expected to increase to RMB908.4 billion by 2027, with a CAGR of 16.7% from 2023 to 2027. In addition, the penetration rate of rural insurance services is relatively low, indicating significant opportunities for China's rural insurance industry. The per capita insurance premium of China's rural insurance market was RMB1,829.4 in 2022 and is expected to reach RMB3,125.6 by 2027, with a CAGR of 11.2% from 2023 to 2027, which is higher than the CAGR of 7.3% for the urban insurance market for the same period.

- **Rural Clean Energy:** The clean energy industry has experienced rapid growth following the introduction of China's carbon peak and carbon neutrality goals. In particular, rural household distributed photovoltaic (PV), or solar power, projects have become more prevalent as clean energy has been promoted in rural areas and rural residents would like to diversify their sources of income. According to the Frost & Sullivan Report, as of September 30, 2023, the number of households with installed distributed PV systems in China's rural areas exceeded five million. It is estimated that China's rural areas have approximately 27.3 billion square meters of rooftop space available for PV installation, covering more than 80 million households, indicating tremendous market opportunities. The rural household PV operation and service market is growing rapidly at a CAGR of 36.6% from 2023 to 2027, with an estimated market size of RMB94.1 billion by 2027.

OUR SOLUTIONS

We provide comprehensive, accessible, tailor-made and technology-enabled solutions to rural customers based on our deep understanding of their needs, purchasing behaviors and unique dynamics in China's vast rural market. We have built a strong foundation of trust through decades of operation. We now offer a suite of standardized and bespoke solutions that satisfy the production and daily life needs of rural residents through an agile, highly scalable omni-channel operating model.



Rural Inclusive Credit Services

Our rural inclusive credit services address the challenges that rural customers face in obtaining loans from traditional financial institutions, and have enabled customers to get the funding they need. As of September 30, 2023, we had recorded 2.8 million customers who obtained loans through our platform in over 6.9 million drawdowns with an aggregate principal amount of RMB138.7 billion since inception of our rural inclusive credit services. In the nine months ended September 30, 2023, our customers obtained an aggregate principal amount of RMB19.3 billion loans through our platform, a 14.1% increase from the same period in 2022. The total outstanding balance of such loans was RMB17.6 billion as of September 30, 2023, representing a year-over-year increase of 14.3%, and 88.3% was used for production and operation as of the same date.

We offer reliable, standardized and highly efficient credit products and services through our integrated omni-channel operating model that builds on the strength of our local service network on the ground and trusted brand name. We further enhance the efficiency of our credit services and optimize our product mix leveraging our technological capabilities, such as intelligent business analysis system, intelligent customer profiling and digital marketing. Our ability to offer fast, convenient loans with local diligence and centrally managed risk is critical to our rapid penetration into the rural inclusive credit market. Our dedicated services and business scale have earned the trust of our customers, who tend to become repeat borrowers when they need additional credit. In the nine months ended September 30, 2023, 53.7% of customers of our rural inclusive credit services obtained another loan through our platform within 360 days after repaying their previous loan. As of September 30, 2023, 88.0% of our customers purchasing agricultural inputs and equipment and 64.5% of those purchasing green durables used our credit solutions to finance their purchases.

Technology drives the efficient expansion of our business. Leveraging big data, AI-enabled risk management, we provide inclusive credit products to small-scale farmers and small rural business owners to address their funding needs. We have also achieved intelligent management across the lifecycle of our credit business, utilizing advanced technologies such as expert decision-making. We equip our local service network with digital operating system and customer service toolbox that improve the efficiency of each step of the business process, including pre-loan information collection and diligence, loan approval and monitoring, and post-loan management, while reducing risks. As of September 30, 2023, our D30+ and D90+ delinquency rates by balance for loans obtained through our platform were 1.83% and 1.38%, respectively. From the inception of our rural inclusive credit services up to September 30, 2023, our historical actual credit loss ratio has remained below 0.5%, representing an industry-leading level of risk control, according to the Frost & Sullivan Report.

Agricultural Production Services

Small-scale farmers engaged in crop and livestock production tend to rely heavily on personal experience in lieu of scientific planning and implementing available technologies. We empower rural customers to improve their production yield and operational efficiency by offering and advising on agricultural inputs and equipment that help increase their income. Examples of the agricultural inputs we offer are optimized fertilizers that improve soil conditions; examples of the equipment we offer are seed drills, combine harvesters and tractors. We offer technology-enabled agricultural production services across the agricultural value chain, covering pre-production planning, production and post-production phases of crop and livestock production. As of September 30, 2023, the cumulative GMV of our agricultural production services reached RMB2.7 billion since inception of our agricultural production services and we had responded to tens of thousands of technical agricultural questions for rural customers. Since 2022, we have piloted farming technology management services to increase production and income to farmers in 27 counties of Hebei and Shandong Provinces. As of September 30, 2023, we had provided such services to over 60,000 rural customers.

We also provide solutions for rural customers to procure agricultural inputs and equipment to meet their production needs. We have partnered with a number of leading manufacturers of agricultural inputs and equipment to allow rural customers to lock in prices and supplies during the off-season, coupled with credit options. This approach improves the affordability of agricultural inputs and equipment by restructuring the supply chain. In the nine months ended September 30, 2023, the GMV of agricultural inputs and equipment purchased through our platform reached RMB960.9 million, representing a 20.9% increase from the same period in 2022.

We have developed a suite of technology solutions tailored to the local conditions for crop and livestock production by employing full lifecycle production models, image recognition and big data analytics. Our professional, convenient solutions assist farmers with field management and monitoring, agricultural machinery applications and early warning services for disasters and diseases to resolve issues and boost efficiency and yield. Our *Xiangzhu (鄉助)* app and *Xiangxin (鄉信)* system have functionalities like image-based crop diagnostics, AI-based crop disease analysis and connections to agricultural experts. After harvest, we purchase agricultural products from rural customers and resell them to manufacturers such as feed companies, extending our sales channels across the entire agricultural value chain. We have improved the efficiency of our services by applying big data analytics to agricultural production and fulfillment.

Rural Consumer Goods and Services

We uncover consumption demand of rural residents in their daily life and provide green durables with credit options, tailored consumer products and digital insurance through our technology-empowered rural consumer goods and service platform. Examples of the green durables we offer include air-source heat pumps, which more efficiently heat and cool by transferring heat rather than converting it from fuel, other green home appliances, affordable new energy vehicles and eco-friendly furniture. Our rural consumer goods and services seek to address challenges that rural residents face in their daily life, such as limited access to green durables, lack of product warranties, under-digitalization and minimal risk protection. As of September 30, 2023, the cumulative GMV of our consumer retail services reached RMB444.6 million since its inception. Through collaboration with KOLs in local counties, we are able to reach rural customers more effectively and grow our business more efficiently. As of September 30, 2023, we had partnered with manufacturers and merchants to offer over 7,400 SKUs of consumer goods on our *Xiangzhu (鄉助)* app and mini-program.

Our digital insurance distribution services are designed to protect rural residents against risks of disasters, illness and accidents. We help insurance companies customize small-ticket, accessible and practical insurance policies and services that cater to the actual needs of rural residents, by leveraging our decades of experience in the rural market, knowledge of our customers and analytics capabilities. These insurance policies and services generally differ from those offered to urban residents in terms of average premiums, payout structure and coverage. During the Track Record Period, we partnered with 48 insurance companies to provide access to insurance policies to approximately 1.6 million customers, with a total gross written premium exceeding RMB719.5 million. For the nine months ended September 30, 2023, the aggregate gross written premiums of the insurance policies distributed through our insurance platform, *Little Whale (小鯨向海)*, amounted to RMB201.4 million.

Rural Clean Energy Services

In line with government policies to support of energy saving and carbon reduction, we aim to leverage our extensive rural customer base to help them develop renewable resources, reduce carbon omission while increasing income, and ultimately promote the transition towards clean energy in rural areas.

Household distributed PV power stations are generally in small-scale and dispersed locations, which call for an efficient local service network and strong trust in brand. These are precisely the advantages we possess. Through collaboration with local government and power grid companies, we have explored a set of mature, simple and transparent models to co-develop household distributed PV projects with rural residents.

We have established a full lifecycle digital management system for PV power stations leveraging our advanced technological capabilities, which includes a series of functions, including development management, monitoring, operations and maintenance. We have also built up our post-installation operational and maintenance capabilities, such as real-time alerts and prompt onsite service by dedicated personnel. In June 2023, we entered into a green loan agreement with the Asian Infrastructure Investment Bank, pursuant to which we were granted a loan with a principal amount equivalent to US$50 million to support our rural household distributed PV projects. In September 2023, we entered into a construction project agreement with certain electricity companies, pursuant to which we agreed to develop PV projects in Liaoning Province and Tianjin with an expected installed capacity of 80 MW and a total contract value of approximately RMB260 million.

OUR STRENGTHS

A Leading Integrated Services Provider Devoted to Empowering Rural Residents

We are a leading integrated services provider devoted to empowering rural residents. As of September 30, 2023, our local service network was comprised of nearly 500 branches across China, with over 6,400 employees in cooperation with over 118,000 village-level partners who are close to customers. As of the same date, our footprint spanned more than 100,000 villages across nearly 500 counties in 21 provincial-level regions in China, covering a rural population of nearly 200 million. We are the largest among non-traditional financial institutions targeting China's rural market, in terms of total loan balance as of December 31, 2022, according to the Frost & Sullivan Report. We are also the largest among agricultural inputs and equipment e-commerce platforms targeting China's rural market, in terms of GMV in 2022, according to the same source.

Deeply rooted in China's vast rural market for nearly 30 years, we have accumulated irreplicable experience from our omni-channel operations. Starting in 1996 as a pilot project jointly established by the State Council and the World Bank, we are one of the organizations with the longest history of serving China's rural market. Over nearly three decades, we have generated unique insights into the rural market, accumulated experience in serving the rural market, and cultivated close bonds with rural customers. We have built up an extensive, stable local service network deeply rooted in local markets with strong execution capabilities. We started to develop our omni-channel operating model in 2017, as we recognized the rapid Internet penetration in China's rural areas. We have built up our digital capabilities to empower rural businesses and have provided professional, efficient and accessible services to a total of 3.9 million transacting customers in aggregate.

We focus on serving the unmet demands of rural customers with customized products and services. We offer tailor-made products and services to rural customers based on our deep insights into the rural market and understanding of the demands of rural customers, especially their unmet demand in finance, digitalization and agricultural technology. As a leading integrated services provider to China's rural population, we have gradually expanded our business scope from rural inclusive credit services to agricultural production services, rural consumer goods and services and rural clean energy services. On one hand, these products and services are in substantial demand by rural residents. On the other hand, they increase the breadth and depth of our service coverage and allow us to diversify our sales, and to deepen the moat for our business.

Since our founding, we have navigated through cycles and sustained annual operating profitability with steady growth. During the Track Record Period, despite the challenges from the COVID-19 pandemic, our business maintained resilient growth and achieved scalable profitability. Our revenue increased by 9.2% from RMB2,223.9 million in 2021 to RMB2,429.2 million in 2022 and increased by 22.3% from RMB1,857.6 million in the nine months ended September 30, 2022 to RMB2,272.0 million in the same period in 2023. Our revenue contribution from non-credit services increased from 26.7% to 35.0% of our total revenue in the nine months ended September 30, 2022 and 2023, respectively. Due in part to the losses from changes in fair value of redeemable preferred shares, we recorded net losses of RMB36.4 million and RMB199.2 million in 2021 and 2022; we also recorded net loss of RMB275.1 million in the nine months ended September 30, 2022, and we achieved net profit of RMB330.5 million in the nine months ended September 30, 2023. The adjusted net profit was RMB506.5 million and RMB472.6 million in 2021 and 2022, respectively, and increased by 20.1% from RMB377.2 million in the nine months ended September 30, 2022 to RMB452.8 million in the same period in 2023.

Trust-based Local Service Network Extending Our Reach to Rural Areas

Trust is the cornerstone of local operations, which are essential to the success of rural market participants. Rural residents form closely-knit communities within villages and small towns. They tend to rely on their network of trusted acquaintances as the primary channel for information exchange, especially when they face a plethora of choices but have limited access to information or are unfamiliar with certain products or services, such as financial products.

We have established a trust-based local service network that extends our reach to rural areas nationwide across China. As of September 30, 2023, our local service network was comprised of nearly 500 branches across China, with over 6,400 employees in cooperation with over 118,000 village-level partners who are close to customers. The network spans more than 100,000 villages across nearly 500 counties in 21 provincial-level regions in China. The geographic and population coverage of our business place us in a leading position among China's integrated agricultural service providers that empower rural residents.

- ***Proximity to Rural Customers.*** Most of our local operation teams are selected from local residents. To assure proximity to customers, we require that our local operation teams live in the same village or town and our village-level partners live in the same administrative village as their customers. The average age of our local operation teams is 38 and 49.4% are women. They are close in age to local residents and live in the same community. As members of the close-knit communities that they serve, they are also familiar with local customs and traditions. As a result, they can naturally build trust with local residents and learn about their needs.

- ***Service Model Tailored to Rural Customers.*** We formulate tailored, localized marketing plans to empower our local operation teams to better understand and serve their target consumers. We require our local operation teams to provide door-to-door services to rural customers based on farming season and their availability. Through such in-person interaction, our local operation teams are able to build deep customer trust and recommend suitable products and services to them. The local operation teams can identify the needs and resources of rural customers at each visit and track the development of their operations. To tackle the challenge of making deliveries in the last hundred meters of rural China, our local operation teams often serve as dedicated delivery personnel to deliver goods purchased from our online platform to the doorstep of our rural customers through shared truckload.

- ***Empowerment of Local Employees.*** We improve the performance and efficiency of employees in our local service network through a series of online and in-person trainings. By innovatively combining fundamental guidance with on-the-job learning, we empower local employees with professional knowledge, marketing strategies training, and logical analysis of issues. We have also set up provincial-level regional offices, which are led by senior employees with an average tenure of over 11 years who are responsible for day-to-day branch operations, staff recruitment, marketing and promotions. We offer competitive compensation and promotion opportunities for our employees. All these efforts effectively enhance the professionalism and execution capabilities of our local operation teams and village-level partners and provide sufficient incentives, laying a solid foundation for the localized development of our business.

Leveraging our trust-based local service network, we have outperformed other market players in the rural market by achieving high customer satisfaction and low delinquency rates. According to a customer survey by Frost & Sullivan, 91.5% of rural customers were satisfied or very satisfied with our service level (with 82.0% being very satisfied), 84.9% of rural customers intended to continue using our platform in the future, and 70.8% of rural customers had chosen our credit services primarily because of the in-person service provided by our local operation teams. We have consistently maintained a relatively low delinquency rate as a result of solid customer trust as well as on-site diligence and in-depth customer follow-ups by local operation teams. As of September 30, 2023, our D30+ and D90+ delinquency rates by balance for loans obtained through our platform were 1.83% and 1.38%, respectively. From the inception of our rural inclusive credit services up to September 30, 2023, our historical actual credit loss ratio has remained below 0.5%, representing an industry-leading level of risk control, according to the Frost & Sullivan Report.

Agile, Highly Scalable Omni-Channel Operating Model

We have established a Super Brain-enabled omni-channel operating model to effectively manage our local service network of over 6,400 employees in cooperation with over 118,000 village-level partners scattered across China's vast rural areas and improve their efficiency. With standardized, replicable processes from our Super Brain, our omni-channel operating model empowers our local operation teams to serve more existing customers and acquire new long-tail customers to expand our business. Our omni-channel operating model is exemplified by our optimized operations, digitalized information and efficient expansion.

- **Optimized Operations.** Our omni-channel operating model leverages big data analytics, AI and other cutting-edge technologies in our Super Brain to centrally manage our business and various segments. Our Super Brain has standardized business processes to serve rural residents, such as selecting branch locations, formulating marketing plans and dividing regional coverage responsibilities.

- **Digitalized Information.** Linked with our local service network, our Super Brain digitalizes and synchronizes information and learns from data feedback in real time. Cross-selling is enhanced by digital tools that help our local operation teams map customers and follow-up on business opportunities. Digital operating systems and a customer service toolbox empower our local service network to expedite delivery of rural inclusive credit services, including pre-loan information collection and diligence, loan approvals within minutes, as well as post-loan monitoring and management, while reducing risk. We integrate natural language models into business processes to support intelligent identification of various supporting documentation, which significantly reduces the cost of manual input and error rate. We have effectively utilized photo recognition and bank card recognition technologies to accurately and efficiently identify customer information. Applicants of our credit product, Speedy Loan (極速貸), receive credit decisions within three minutes on average after application. Applicants of Inclusive Loans (惠農貸) and Installment Loans (農分期) receive credit decisions within four calendar days and four hours after submitting applications on average, respectively.

- **Efficient Expansion.** We had established branches in nearly 500 counties across China as of September 30, 2023. Our omni-channel operating model has allowed us to open new branches faster and at a lower cost, expediting our efficient business expansion. During the Track Record Period, the number of our branches increased from nearly 400 as of January 1, 2021 to nearly 500 as of September 30, 2023. We perform matrix management of our branches based on subdivided regional grids. Standardized, replicable strategies from our Super Brain and matrix management enable our local operation teams to rapidly acquire new customers. We reach out to users via apps and WeChat mini-programs to improve user experience. We have upgraded mobile network coverage in remote areas at a reduced cost to enable rural customers to access our products and services.

Super Brain Enabling Smarter Delivery of Our Services

We have developed our proprietary intelligent tech stack, which we also refer to as our Super Brain, at our dual headquarters in Beijing and Changsha, which is backed by 46 rural specialists, 73 risk control experts and 227 technology experts. Our intelligent tech stack combines and applies cutting-edge technologies to enable smarter delivery of services to the rural market. By digitalizing and synchronizing information from our local service network, it learns from operational feedback, makes faster business decisions and replicates processes to expand our business more efficiently. Our Super Brain generates insights from customer interactions to address their needs and designs new products and services, enabling us to adapt rapidly to changes in China's vast rural market, in turn further benefiting our customers and business partners.

Front-end: We have digitalized our business. Our Super Brain helps process hundreds of thousands of data verifications per month, which saves thousands of hours in manual processing time. Based on real-time data feedback, our intelligent tech stack promptly adjusts product design and marketing strategies based on changes in customer preferences, resulting in improved business efficiency. During the Track Record Period, our Super Brain synthesized 3,800 data and information feedbacks from local operation teams and generated 6,700 rapid iterations of products and strategies.

Our Super Brain has optimized our comprehensive agriculture management platform from planting to harvest. It leveraged data analytics and modeling to design standardized, replicable technical models for wheat and corn cultivation across their production lifecycle. Our intelligent tech stack sends real-time reminders to rural customers for field inspections and pesticide applications. It tracks crop and livestock production processes and digitalizes growth information and farming records. Our Super Brain has also analyzed big data on livestock characteristics to generate production models that accurately predict feed demand and help prevent disease at key stages of livestock development.

Middle-end: We have developed digital management tools catering to farmers. Our proprietary Super Brain combines human resources, compensation, finance and risk control functions, including standardized management methods, collaborative remote office, personalized KPI evaluation and real-time alerts to employees for credit risks. It powers digital mentors to deliver guidance to local operation teams in real time through our proprietary marketing system, which effectively enhances their skills. Our intelligent tech stack includes the proprietary Customer Relationship Management (CRM) system that we developed to accelerate implementation of marketing activities through customer profiling, customer categorization, marketing lab, marketing activity management and customer access functions. Our CRM system analyses marketing logs to suggest follow-up actions for our local operation teams and enables them to visually manage customers with the aid of digital mapping. It also enhances cross-selling through functions like customer tagging, targeted marketing and intelligent recommendations. These digital management tools enable our local operation teams to communicate with existing and potential new customers, maintain long-term relationships, and prompts targeted follow-ups with customers based on their service needs.

Back-end: We promote the application of AI risk control and data analytics capabilities in rural areas. We integrate AI technologies into various business processes to develop effective tools that increase the value we bring to our ecosystem participants and improve our operating efficiency. We have built a digital risk control system to maintain an industry-leading level of risk control, which leverages big data decision-making models, customer knowledge graphics, third-party data mining and anti-fraud identity verification technologies. We continuously optimize customer profiling and establish uniform admission criteria and rules for risk control purpose in order to safeguard against credit risk. Our AI-assisted pest and disease identification system identifies crop diseases and pests with over 90% accuracy, and helps our employees and partner experts to provide individualized consultations on crop production. Building upon industry-leading, open-source foundation models, we refine various models to enhance user interaction experience and improve employee efficiency, including rural inclusive credit services, agricultural and insurance models as well as training models for corporate use. These technologies and applications are crucial to the success of our front-end business.

As of September 30, 2023, we had a team of 227 R&D personnel. During the Track Record Period, we incurred total research and development expenses of RMB229.4 million, which accounted for a higher percentage of total revenue relative to our peers. We deploy core technologies and technological capabilities across various business line, supporting diversified development of our business in a secure and efficient manner.

Customized Products and Services Based on Deep Understanding of Rural Market

With nearly 30 years of experience, we have accumulated deep insights into the needs, purchasing behaviors and unique dynamics in China's vast rural market. To adapt to the evolving demands of rural customers, we continuously enrich our product and service portfolio. Based on our local service network with extensive access to rural areas, we continue to collaborate with our ecosystem participants, including agricultural service providers, suppliers and insurance companies, to co-develop or customize new agricultural products to better serve the market.

We offer customized credit products specifically catering to underserved rural customers. Traditional financial institutions and Internet platforms offering inclusive credit lack thorough understanding of rural customers to make effective credit assessments. Rural residents have acute needs for credit that are unmet by traditional financial institutions due to various constraints, such as the small ticket size of their loans, the small scale of their operations and lack of collateral. Inclusive credit platforms also struggle to meet the funding needs of rural customers due to their reliance on online data for credit assessments and tendency to grant rural customers lower credit limits with low approval rates. We have customized financial products for rural residents based on different scenarios. By leveraging AI and big data analytics technologies as well as our extensive local service network, we can effectively conduct due diligence, credit assessment and risk control for rural customers in order to grant a massive volume of small-ticket loans. Many of our rural customers may have little or no credit history which makes it harder for them to get the loans they need. We pioneered a new credit model to extend credit to rural customers to finance their purchases of agricultural inputs and equipment.

We provide small-scale farmers with cost-effective agricultural inputs and equipment, help them apply agricultural technologies and enhance their expertise in crop and livestock production. Even with sufficient funds, small-scale farmers often lack agricultural technologies and reliable suppliers. Before crop and livestock production seasons begin, we customize or co-develop cost-effective solutions for agricultural inputs and equipment with top-tier manufacturers to provide rural customers with quality products. During the crop or livestock production process, we empower rural customers with agricultural technologies. We have developed *Xiangzhu (鄉助)* app and *Xiangxin (鄉信)* system with functionalities like image-based crop diagnostics, AI-assisted crop disease analysis and connections to agricultural experts, to resolve challenges small-scale farmers face in boosting their efficiency and yield. After harvest, we purchase crops from small-scale farmers and resell them to manufacturers such as feed companies, extending our sales channels across the entire agricultural value chain. These special products and services not only expand our customer base and increase customer loyalty, but also effectively stimulate demand for our paid services.

We identify and satisfy rural residents' daily needs for value-for-money products and services that are otherwise unmet by existing providers. Leveraging our business expertise and understanding of rural customers, we endeavor to meet their specific needs in daily life. We have specifically designed associated credit products to finance rural customers' purchases of durable goods such as air-source heat pumps and electric two/three-wheelers, as most could not afford to make such purchases with cash alone. Our platform provide to rural customers bulky, heavy and durable consumer goods, which other e-commerce platforms generally do not focus on offering; our local service network delivers such goods to the doorsteps of rural customers, whereas most logistics providers cannot ship them promptly. We also offer customized consumer goods suitable for daily life scenarios of rural customers. In addition, as many insurance providers cannot fully meet the demands of rural customers, we have seized this market opportunity and in some cases, help insurance companies tailor insurance policies to the needs of rural residents.

Our diversified product portfolio and our ability to customize products and services enhance our customer loyalty, reduce customer acquisition cost, promote cross-selling and increase the lifetime value of customers, creating a trust-based "flywheel effect." As of September 30, 2023, 88.0% of our customers purchasing agricultural inputs and equipment and 64.5% of those purchasing green durables used our credit solutions to finance their purchases. Our revenue contribution from non-credit services increased from 26.7% to 35.0% of our total revenue in the nine months ended September 30, 2022 and 2023, respectively.

Innate Environmental, Social and Governance (ESG) DNA

Since our original founding as a non-profit organization, the pursuit of benefiting rural society has been inherent in our DNA. The philosophy of sustainable development is embedded in our environmental protection, social improvement and corporate governance practices. We apply innovative technologies and adopt a responsible business model. We promote integrated services that support the common prosperity of rural residents.

We are committed to rural development and benefiting rural residents. We strive to design services and products that benefit agriculture, rural areas and farmers. We help rural residents bridge the gaps resulting from imbalances of urban and rural areas, wealth and gender, and benefit from advanced technologies. As of September 30, 2023, 88.3% of the balance of the loans obtained through our platform were used for production and operation purposes. We empower rural residents in agricultural production. As of September 30, 2023, we provided farming technology management services covering over 1.5 million mu of farmland. We also offer online and in-person agricultural technology services through online platform and agricultural experts. Our AI-driven pest and disease identification system identifies crop diseases and pests with over 90% accuracy, and helps our employees and partner experts to provide individualized consultations on crop production. As of September 30, 2023, we organized over 500 agricultural technology lectures with over 13,000 attendees. In addition, we are committed to workplace diversity. As of September 30, 2023, 48.6% of our employees were female. We create employment opportunities in rural areas and provide our employees with promising career development paths, solid training and comprehensive employee benefits. As of September 30, 2023, over 6,400 of our employees were local rural residents. We actively give back to the communities we serve. We have established the Chongho Charitable Initiative, which strives to support employees, customers and residents in covered areas who suffer from difficulties. Since the beginning of 2017 and up to December 31, 2023, the Chongho Charitable Initiative had offered aid in an aggregate amount of RMB3.6 million to over 2,000 individuals.

We vigorously promote green agriculture to help rural residents reduce costs and increase yields and facilitate energy saving and carbon reduction in rural areas. We pay close attention to environmental protection and green development at every stage of our business. For example, we strictly limit credit obtained by industries with high energy consumption, pollution and overproduction. We advance soil improvement, reduce excessive use of fertilizers and pesticides, and promote organic fertilizers instead of chemical ones. We offer customers green durables, such as electric vehicles, and air-source heat pumps and other green home appliances. We promote the use of clean energy through household distributed PV projects, which achieved a total installed capacity of 8.9 MW as of September 30, 2023. Our green agriculture technologies help rural residents reduce costs and increase yields, while also facilitating energy saving and carbon reduction in rural areas. According to our experimental results in test fields, our green agricultural technologies can increase crop yields by 7% while reducing the use of chemical fertilizers.

We have established a governance framework with KPIs and long-term goals, referencing the United Nations Sustainable Development Goals. We have established ESG policies with reference to international standards to guide our ESG practices in daily operations. Our Board of Directors is responsible for formulating the ESG strategies. We have also formed an ESG advisory committee composed of shareholder representatives and external experts. We integrate ESG philosophy into KPI evaluation by setting KPIs relating to social benefits, risk management and long-term employee development. We continue to optimize the management of our ESG performance to align with our sustainability goals and drive performance improvement. We have also set a sustainability award to recognize teams that actively participate in philanthropic activities, in order to motivate employees to integrate the philosophy of sustainable development into our corporate culture and daily operations.

Due to our efforts in ESG, our social contributions are widely recognized, as evidenced by the following representative awards:

- IFF Global Green Finance Innovation Award (IFF全球綠色金融創新獎) issued by the International Financial Forum (2023)

- Included in "2023 G20 Sustainable Finance Report" Case (《2023年G20可持續金融報告》案例) (2023)

- Chongho Bridge Group Limited Annual Growth Case of "Sustainable Consumption and Production" ("可持續的消費與生產"年度成長案例) by APEC China Business Council (2023)

- "Honorable Mention of Best Bank for Women Entrepreneurs" (最佳服務女性企業主銀行獎提名) by the International Finance Corporation and Global SME Finance Forum (2021)

These honors acknowledge our efforts to achieve rural revitalization and common prosperity in rural areas, and further enhance our market reputation and brand image.

A Mission-Driven Management Team with Strong Execution Capabilities and Renowned Shareholders that Share Our Values

We are committed to making long-term contributions to society and rural development. With the goal of serving China's rural residents and the mission of serving the last "hundred meters" of rural China, we have assembled a management team with professional skills and business execution capabilities, forming a transparent and efficient corporate governance structure.

Our leaders have rich experience in and deep understandings of the "three rural" sector. Our chairman and CEO, Dr. Liu Dongwen, is an experienced expert in agriculture, farmers and rural areas, which are referred to as the "three rural" sector. Born in the rural area, he served at the China Foundation for Rural Development (中國鄉村發展基金會) ("**CFRD**") and has more than 27 years of experience in rural services. Since 1996, with a commitment to exploring an inclusive credit model that is suitable for China's rural areas, he has introduced and optimized the Grameen Bank model of Bangladesh. Under Dr. Liu's leadership, we have navigated through the development cycles of rural credit market in China, optimized our governance structure, and developed a commercially sustainable operating model to empower rural residents.

We have a stable management team who possesses a sense of social responsibility, professionalism and business execution capabilities. Our senior management team has led the growth of our various businesses and on average has decades of experience in serving China's rural market. We promote grassroots employees into our regional management teams. The average tenure of provincial-level regional heads was 11 years, with the longest being 20 years. These management teams work together to promote rural development as well as contribute to common prosperity and building a better world.

Our diversified, renowned shareholders share our mission and values. Since our founding in 2008, we have attracted investments from many impact funds such as The Rise Fund under TPG and ABC World under Temasek, as well as strong support and assistance from renowned corporate and institutional investors such as Ant Group and OTPP. Our shareholders share our mission and values and provide valuable support to us in strategy, business, technology, finance and other aspects.

OUR STRATEGIES

Since our founding, we have striven to serve the "three rural" sector. We will stick to our original aspiration to empower rural residents and revitalize rural areas by serving small-scale farmers and small rural business owners. We will continue to operate with a view to benefiting rural society. We will strengthen our roots in rural communities, serve rural residents and promote production and consumption in rural areas. We will do this by facilitating access to our comprehensive, technology-driven products and services, improve farmers' professional skills, quality of life and incomes, and ultimately make significant contributions to the advancement of rural society that make rural life better.

To achieve this goal, we plan to implement the following strategies:

Expand Customer Reach and Enhance Customer Engagement

We plan to enhance both online and offline services in our omni-channel operating model, increase the breadth and depth of our coverage in the rural market and attract more rural customers to use our products and services to maintain our leadership and increase our market share in China's rural areas.

Loans obtained through our platform represented 8.1% of the total outstanding loan balance in 2022 from all non-traditional financial institutions targeting China's rural market. We believe that we can increase our market share by leveraging our trust-based local service network. The total GMV of online sales of agricultural inputs and equipment in China's rural market reached RMB97.2 billion in 2022. As online sales of agricultural inputs and equipment continue to grow, we expect to expand our customer reach and enhance customer engagement.

Our local branches are the first touchpoint for customer acquisition and servicing. We plan to open more branches in new geographic regions across China to cover additional rural customers. We also plan to open new branches in provinces where we already established presence yet with considerable headroom for further expansion; specifically, we plan to deepen our penetration in central-western China where our presence is limited. In our existing markets, we intend to open new local branches, cover more neighboring counties and towns and increase penetration in areas surrounding existing branches by further refining our operations.

Our online platform, *Xiangzhu (鄉助)*, is our core service channel. We will continue to promote our *Xiangzhu (鄉助)* platform to rural customers, use it to enhance customer diversity and engagement, improve their access to online marketing and cultivate online shopping habits, thereby increasing our customer conversion ratio and cross-selling. We also plan to enrich our product categories that cater to the demands of the rural market in order to gain more repeat customers. We will also develop new retail channels including short video platforms, live broadcast platforms and others. Through our multi-channel network (MCN), we will cooperate with more rural Internet influencers or livestreaming talents to promote the *Xiangzhu (鄉助)* brand as well as attract potential users and acquire additional users.

Further Diversify and Customize Our Products and Services

Through our local service network, we have diversified and customized our products and services to offer agricultural production services, rural consumer goods and services and rural clean energy services that cater to the demands of rural customers. We plan to collaborate with more reputable business partners in different verticals to further diversify our product and service offerings and customize quality products suitable for rural customers.

We will further optimize the supply chain of agricultural inputs and products. For instance, we will continue our strategic partnerships with various agricultural service providers and reduce layers of distributors in the agricultural inputs supply chain with an aim to provide our rural customers with good, affordable agricultural inputs tailored to the local soil and crops. We will also rely on our experience providing rural consumer goods and services to create an array of private-label products that are relevant to the market and have development potential in order to diversify and differentiate the products on our platform, enhance our platform's value and enhance customer loyalty.

We are also continuously seeking new business opportunities in the rural market. For instance, we are promoting household distributed PV projects in rural areas through our engineering, procurement, and construction (EPC) model, piloting rural home-based nursing services and setting up agricultural technology service centers, so as to take advantage of the upcoming rapid-growth era of China's rural market.

Continue to Invest in Research and Development and Strengthen Technological Capabilities

Technological capabilities are crucial to delivering our current and future services effectively. Leveraging our understanding of the funding needs and consumption habits of rural customers, we integrate advanced technologies such as blockchain and IoT to address pain points of rural customers and help optimize their agricultural production. We have also developed digital, smart products and services tailored to the rural market, such as agricultural technology video consultation, agricultural information management, blockchain traceability for agricultural products, and IoT-powered soil quality monitoring. We will further improve information technology capabilities of rural areas, enhance the value and traceability of agricultural products, and fuel the development of smart agriculture.

We will continuously optimize our products and business processes to enhance digital capabilities. We seek to enhance our customer risk identification capabilities by collaborating with external partners, and leveraging machine learning algorithms to optimize risk assessment dimensions through joint modelling. We will further enhance our platform through the development of intelligent calling systems, a smart risk control decision platform and a unified account management system designated for multi-person, multi-product accounts of rural households.

In the future, we will continue to prudently invest in research and development and attract talent in the technology sector so as to enhance our capabilities in the following four areas:

- **Operational support capabilities:** We will leverage back-end technologies to digitalize and synthesize data insights in support of our decision-making and improve operating efficiency. We will continue to develop intelligent technologies, such as smart debt collection robots, to support our efficient business expansion.

- **Generating customer insights:** We will further enhance our omni-channel operating model in order to continue to adapt to the changing needs and preferences of rural customers and further enhance the accuracy of our models predicting their production and consumption behavior.

- **Risk control capabilities:** By utilizing AI and machine learning, we will optimize our digitalization and analytics capabilities to further enhance our credit assessment and risk control models and maintain our industry-leading level of risk control.

- **Product innovation capabilities:** We will continue to further refine our *Xiangzhu (鄉助)* platform by investing in innovative tools such as automated user support and personalized recommendations, in order to further improve user experience, enhance our service quality and enable rural customers to apply digital tools and technologies.

Continue Recruiting and Retaining Top Talent

We are committed to recruiting and retaining individuals who are outstanding, creative, honest and passionate about our mission and the rural market. We will recruit experienced and competitive management and R&D personnel for our headquarters, and local rural specialists and marketing personnel for our local branches.

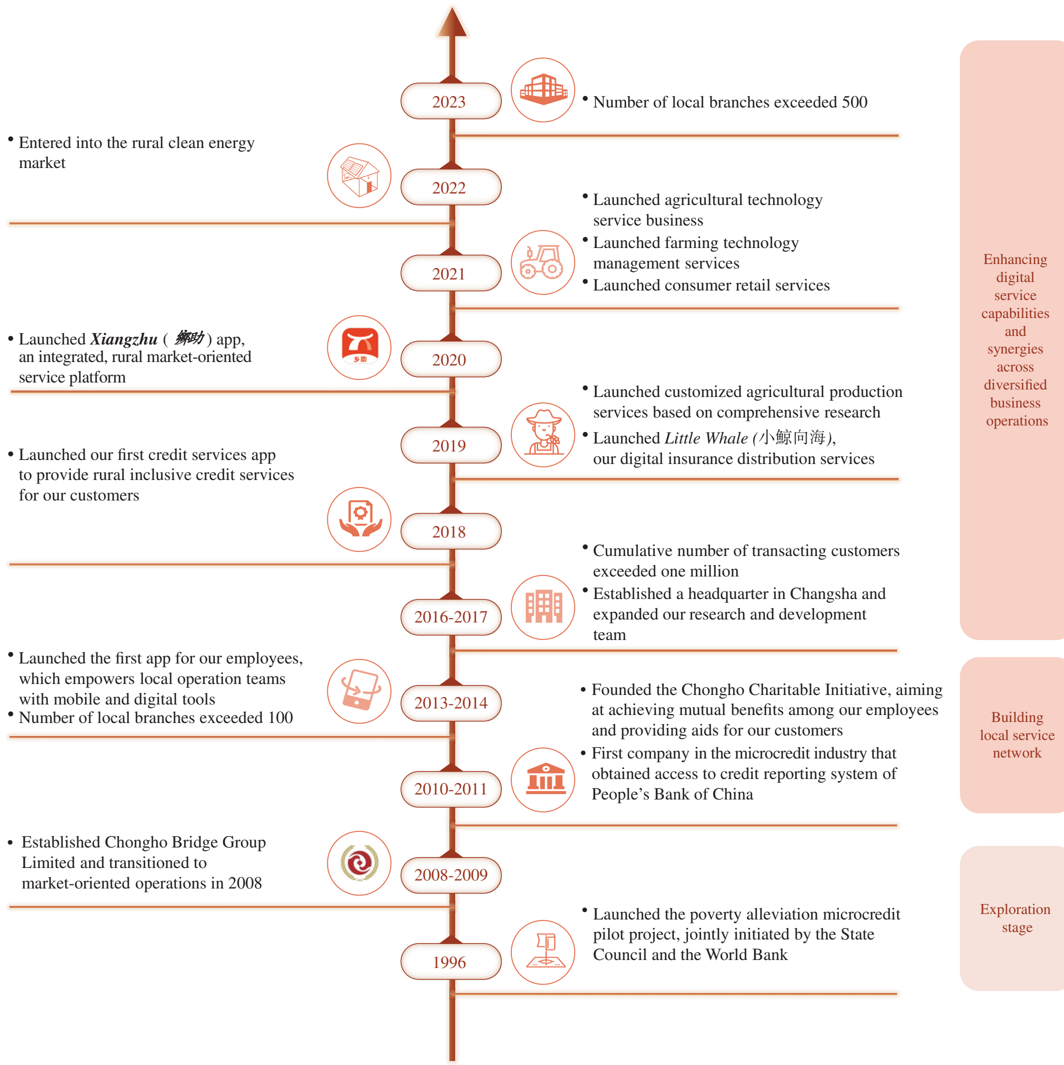
We emphasize the importance of our employees' continuous professional and career development. We have designed professional training programs and career development paths for various types of talent. We seek to cultivate future leaders for the rural market by providing development opportunities and path to promotion for employees at all levels. We will offer competitive salaries and devote substantial resources to develop, train and retain our employees.

Seek Strategic Investments, Partnerships and Acquisition Opportunities

To maintain our market leadership, we plan to selectively pursue strategic investments, partnerships and acquisition opportunities that complement our business and offerings across the value chain. In the future, when there are suitable targets and appropriate investment opportunities, we will consider acquiring agricultural technology companies or companies in the agricultural supply chain that can generate strong synergies with us.

OUR FOOTPRINTS

With our deep insights into China's rural market and our philosophy of focusing on the needs of rural customers, our development has gone through the following stages:



Originated as a poverty alleviation microcredit pilot project, we have grown into a leading integrated services provider to China's rural population. We empower small-scale farmers and small rural business owners with comprehensive, technology-driven products and services, including rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services. We established our principal operating subsidiary, Chongho Bridge Group Limited, and transitioned to market-oriented operations in 2008. In 2019, we acquired a digital insurance distribution service platform, which we later developed into *Little Whale (小鯨向海)*, our digital insurance distribution services. In 2019, we began to offer customized agricultural production services based on our comprehensive research. We also launched our consumer retail services in 2021, offering value-for-money green durables and customized consumer goods. In 2022, we entered into rural clean energy market, where we rent rooftops from rural residents to install PV modules to generate electricity, enabling rural residents to earn additional rental income while facilitating a transition towards clean energy.

We are also contracted to provide development, construction and maintenance services to third-party distributed PV projects. To support our development, we have established an extensive, efficient and local service network, which is a crucial attribute of our competitive moat in the market and enables us to address the evolving needs of our customers.

We are the largest non-traditional financial institution targeting China's rural market in terms of total loan balance as of December 31, 2022, according to the Frost & Sullivan Report. We are also the largest e-commerce platform for agricultural inputs and equipment targeting China's rural market, in terms of GMV in 2022, according to the same source.

OUR ECOSYSTEM

Through decades of unwavering dedication and commitment, we have established our business operations in rural inclusive credit, agricultural production, rural consumer goods and services and rural clean energy market. Along with our growth, we cultivated an ecosystem that connects the vast yet underserved population of small-scale farmers and small rural business owners in China's rural areas with financial institutions, manufacturers, merchants and service providers who have been strenuous to identify and satisfy the immense demands for products and services in China's rural market. The backbone of this ecosystem is our effective and efficient local service network, which comprises our dedicated local operation teams empowered by our purpose-built digital technologies, as well as our *Xiangzhu* (鄉助) platform. Our continuous focus on and investment in China's rural market have given us a deep understanding of the essential needs of small-scale farmers and small rural business owners, and earned us endorsement of extensive customer trust. Leveraging such in-depth market-specific knowledge and strong local service network, we are well positioned to expand our ecosystem to serve more customers, better fulfill customers' demands and empower more partners.

Ecosystem Participants

The main participants of our ecosystems include small-scale farmers and small rural business owners in China's rural areas, funding providers, partner financial institutions, partner manufacturers, merchants, service providers, agricultural technology partners and ESG partners.

Our Major Customers: Small-Scale Farmers and Small Rural Business Owners

We are dedicated to serving small-scale farmers and small rural business owners in China's rural areas. A majority of our customers are engaged in agricultural production activities in China's rural areas and most of our customers are underserved by traditional financial institutions, manufactures, merchants and other services providers. We enable them to conveniently fund agricultural production activities and other key demands through our rural inclusive credit services. In addition, we provide our customers with agricultural production services, rural consumer goods and services and rural clean energy services, which cater to various essential production and life needs of our customers and increase their stickiness and engagement on our platform, while enabling our partners, such as financial institutions, manufacturers, merchants and service providers, to participate in and benefit from our ecosystem. As of September 30, 2023, the cumulative number of transacting customers on our platform was 3.9 million, among which 2.8 million used our rural inclusive credit services and 2.1 million used our agricultural production services or rural consumer goods and services.

The following pictures illustrate the agricultural production activities of our customers:

The following tables set forth the number of our transacting customers and transactions on our platform for the periods indicated:

	For the Year Ended December 31,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
	(in thousands)			
Number of transacting customers[1]	1,082	1,128	863	1,044
Number of transactions[2]	2,250	2,393	1,776	1,906

Notes:

1 The number of transacting customers for a given period equals to the sum of customers who (i) obtained loans (including principal borrowers and co-borrowers), (ii) purchased agricultural inputs, equipment, green durables or other consumer goods, (iii) purchased farming technology management services, or (iv) purchased insurance products through us during such period.

2 The number of transactions for a given period refers to the sum of the transactions completed through us, comprising (i) the number of credit drawdowns by borrowers through our platform, (ii) the number of completed orders for agricultural inputs and equipment, green durables and other consumer goods, (iii) the number of completed orders for farming technology management services, and (iv) the number of insurance policies distributed by us during such period.

The increase in the number of our transacting customers during the Track Record Period was primarily attributable to (i) the expansion of our geographical coverage, (ii) our operational excellence stemming from our local service network and online engagement, and (iii) synergies generated from an integrated service approach.

Funding Providers and Partner Financial Institutions

We cooperate with funding providers and partner financial institutions to better serve rural customers. Through collaboration with various funding providers and partner financial institutions, we are able to offer diversified inclusive credit solutions to our customers.

Our funding providers, such as domestic commercial banks and international financial institutions, address our financing needs by providing funding to us. We have developed strong relationship with our funding providers. See "Our services—Rural Inclusive Credit Services—Funding". As of September 30, 2023, we partnered with 19 funding providers, including 7 domestic commercial banks and 12 international financial institutions.

We also collaborate with our partner financial institutions to reach and serve new customers, improve product performance and achieve better economic benefits, as we leverage our local service network entrenched in local communities. We refer to our partner banks qualified credit applications made through our platform that we believe meet their lending criteria. Our partner banks independently review and fund drawdown requests they have approved. We collaborate with a trust company to set up trust plans to fund our loans. We act as an insurance agency to distribute insurance products underwritten by our partner insurance companies, some of which were designed and developed based on insights that we provided. As of September 30, 2023, we partnered with six commercial banks that wholly or partially funded the loans we facilitate, one trust company and 48 insurance companies.

Partner Manufacturers, Merchants and Service Providers

We partner with selected manufacturers and merchants to offer agricultural inputs and equipment as well as merchandise, including green durables and customized consumer goods. As of September 30, 2023, we cooperated with 130 manufacturers and merchants to sell products procured from them to our customers. For example, based on our customized agricultural solutions, we partner with manufacturers of agricultural inputs and equipment to provide suitable products to our customers. We also cooperate with manufacturers to offer selected, value-for-money green durables. In addition, we attracted over 3,100 manufacturers and merchants to offer products to customers directly through our platform as of the same date. To better serve our customers, we also bring in third-party service providers, such as logistics and warehousing service providers, to complement our ecosystem.

Agricultural Technology Partners

We provide agricultural knowledge-sharing service on our *Xiangzhu* (鄉助) app free of charge, which enables users to consult experts for difficulties encountered in agricultural production and receive prompt reply. We also invite them to answer our users' questions on our platform in an interactive way and provide onsite technical services to our users. These agricultural experts and technicians we partner with include professors from universities and research institutions and skilled technicians from manufacturers of agricultural inputs and equipment as well as agricultural technology centers. In addition, we strive to collaborate with research institutions and colleges to introduce mature but not yet widely marketed technologies and products and provide systematic trainings to local experts and technicians. We currently cooperate with one renowned agricultural college and have established an agricultural technology research institution to deepen our collaboration with agricultural technology partners. Leveraging our cooperation with agricultural technology partners, we effectively help farmers improve efficiency and yields of agricultural production.

ESG Partners

We partner with nonprofit organizations as well as companies seeking to fulfill their social responsibilities. Through our nationwide network, we distribute relief items entrusted to us by our partner nonprofit organizations to the hands of those in need, and help socially responsible companies to empower the rural communities that we serve. These collaborations effectively enhance rural customers' trust in and relationships with us.

Our Operating Model

We adopt an omni-channel model that fully integrates online and offline operations, with "Super Brain" at our headquarters making centralized business decisions and formulating standardized business processes, which are implemented by our local service network with extensive reach to rural areas. Such integrated operating model makes us better positioned to empower the rural communities in China as compared to the traditional, or pure-play online or offline players in the rural market, such as traditional financial institutions, Internet finance platforms and e-commerce platforms.

Our Super Brain proprietary intelligent tech stack

Our proprietary intelligent tech stack, which we also refer to as our Super Brain, situates at the core of our omni-channel operating model. Our Super Brain formulates standardized on-the-ground business processes that can be easily adapted and quickly replicated at regional level across our nationwide network. We have powerful central control systems for overall strategy-making, supervision and technology support, supported by 46 rural technology experts, 73 risk control experts and 227 technology experts at the headquarters as of September 30, 2023. Our Super Brain connects our headquarters with our local service network of thousands of employees and village-level partners. We empower them through technologies to implement our strategies and help us to expand our touch points and effectively improve the coverage and penetration of our services in China's rural market. For example, our self-developed digital tools, such as customer relationship management (CRM) system and *Xiangxin (鄉信)* system, have enabled our local operation teams and village-level partners to effectively manage customer relationship and serve a wide range of customers.

Omni-Channel Operating Model

We adopt an omni-channel model that fully integrates online and offline operations, with a focus on building local insights and trust with our customers.

Our Local Service Network

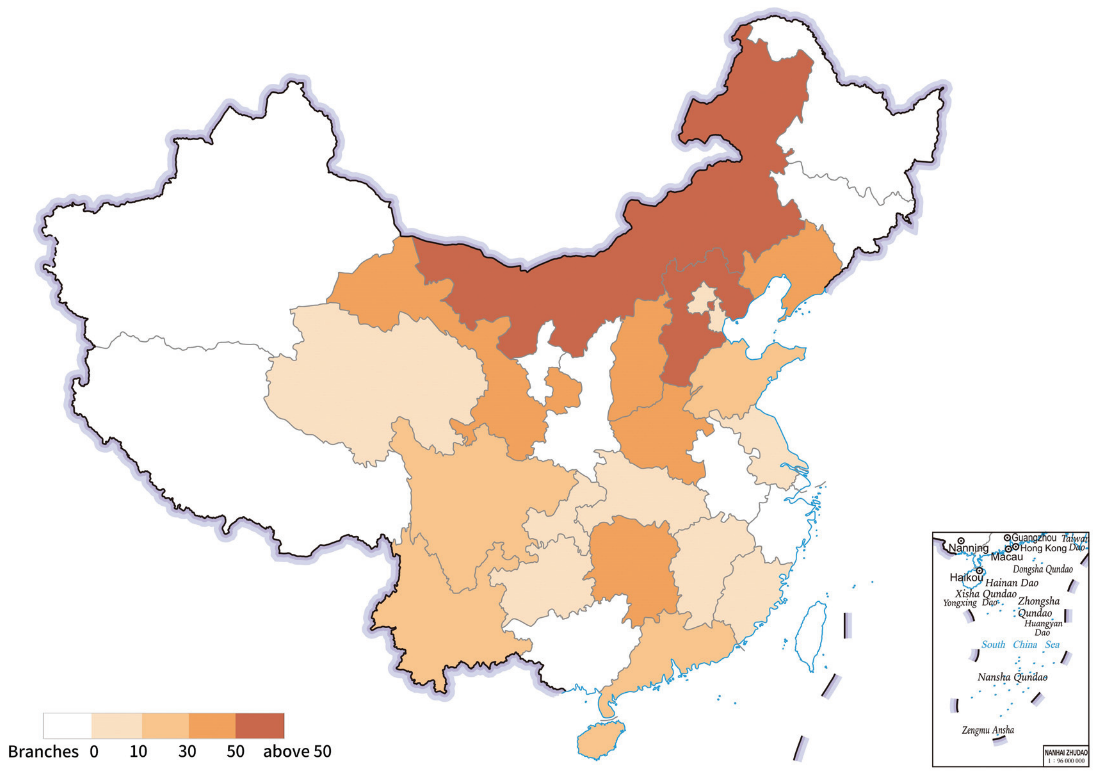
We have been serving China's rural market for nearly 30 years and accumulated deep insights into rural customers' needs through our local service network entrenched in local communities. Our local service network comprises our ever-growing, local operation teams at county level and village-level partners. As China's rural market is essentially grounded on "societies of acquaintances," we believe it is essential to have local operation teams that are familiar with local markets to get in touch and build trust with local customers. We open up standardized branches in counties where we operate and hire local talents who are close to local residents and have a deep understanding of the habits and demands of local communities. Such market-specific knowledge helps our local operation teams to better identify the needs of local customers, promote our products that cater to their demand, offer after-sales support in a tailored manner, build and enhance relationships with rural customers, and ultimately acquire and retain customers in a cost effective manner.

The pictures below illustrate the work of our local operation teams:

Our local operation teams cooperate with village-level partners who are third party individuals to refer customers to us and promote our products and services in local markets. These village-level partners generally live in the same communities as our customers and many of them have broad connections and strong social influence in local areas. We motivate them with commissions.

As of September 30, 2023, our footprint spanned more than 100,000 villages across nearly 500 counties in 21 provincial-level regions in China, covering a rural population of nearly 200 million. As of the same date, our local service network was comprised of nearly 500 branches across China, with over 6,400 employees in cooperation with over 118,000 village-level partners who are close to customers. Such local service network is a crucial attribute of our competitive moat in the market and enables us to address the evolving needs of our customers.

Our local operation teams and village-level partners also help us expand into new markets. Our strategy is to gradually open branches in the neighboring areas of our existing markets. When we enter a regional market, we typically set up branches in selected agricultural counties with a population of over 250,000. Within a county, we typically assign one or two members of our local operation teams to each of the townships where we provide services. The highlighted areas of the following map shows the geographical coverage of our local branches and our local service network as of September 30, 2023.

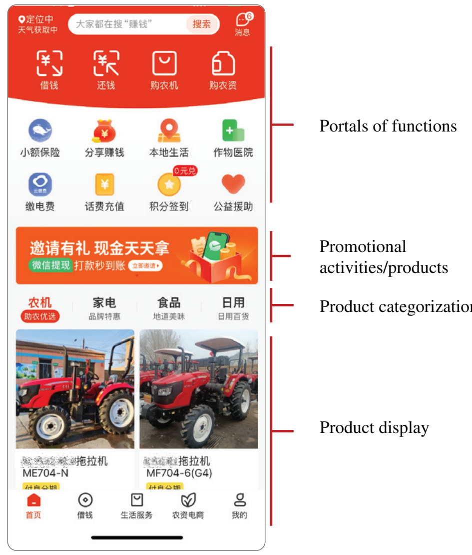


Our Online Channels

We have established an integrated, rural market-oriented service platform, *Xiangzhu* (鄉助), that enables our customers to access all our products and services through mobile app, social media official account and mini-program. In addition, our customers can also access our digital insurance distribution services through *Little Whale (小鯨向海)* platform, including social media official account and mini-program.

Our integrated online platform helps us to effectively attract and retain customers. We offer free value-added services on our platforms which bring real benefits to users and therefore effectively attract new customers and improve customer engagement. For example, our free agricultural knowledge-sharing services enable customers to consult agricultural experts and solve difficulties encountered in agricultural production, enhancing their trust in us and driving demands for our agricultural inputs and equipment and other products and services. We also offer free value-added services such as mobile top-up services. As of September 30, 2023, we had over 8.7 million registered users.

The screenshots below illustrate the main offerings on our *Xiangzhu* (鄉助) app:



In response to the growing popularity of social media, we also promote our products and services through uploading short videos and livestreaming on social media platforms such as *Douyin* and *Kuaishou*. In particular, through collaboration with KOLs in local counties, we are able to reach rural customers more effectively and grow our business more efficiently.

OUR SERVICES

We offer integrated and inclusive services to rural customers. We address rural customers' underserved demand for financial services as well as agricultural production, rural consumer goods and services and other aspects. We provide tailor-made credit products that are convenient and fast and a broad range of agricultural production and rural consumer goods and services, including consumer retail services and digital insurance distribution services. In addition, through our rural clean energy services, we bring rural residents additional income and facilitate a transition towards clean energy. With our comprehensive, technology-driven products and services, we strive to improve farmers' professional skills, quality of life and incomes, and ultimately make significant contributions to advancement of rural society that make rural life better.

Rural Inclusive Credit Services

Our rural inclusive credit services are designed to address the acute yet unmet financing needs of underserved small-scale farmers and small rural business owners in China's rural areas. Their primary credit demand, which is to finance business operations and purchases of production equipment, cannot be fully satisfied by traditional financial institutions and Internet finance platforms. Traditional financial institutions generally adopt rigid standards for and spend more time on credit assessment. Internet finance platforms generally rely on customer data from online sources and lack offline networks in rural areas, which limit their abilities to reach rural customers and collect sufficient information from them. With our strong, technology-enabled local operation teams, we are committed and well equipped to fulfill the credit demands of rural customers.

With years of operations in local markets, we have developed deep insights into the economy and culture of rural areas. To better serve the needs of local small-scale farmers and small rural business owners, while our headquarters are responsible for overall planning and supervision, our local operation teams at the branches implement such strategies and engage in daily interactions with our customers. Our local operation teams, most of which are local rural residents, enable us to effectively identify and meet the critical needs of our customers. In particular, in the pre-loan credit assessment stage, our local operation teams, through trust-based interpersonal network, are well-positioned to spot frauds based on soft information and analyze credit risks through our AI-powered credit assessment system. In the loan disbursement and post-loan management stages, the close interaction between local operation teams and borrowers enable them to identify default risks early and work with borrowers to figure out solutions. In addition, our AI-powered risk management system also tracks customers' repayment schedules and automatically send repayment reminders to customers. Our risk management system that fully integrates online and offline operations has enabled us to maintain a relatively low delinquency rate.

We primarily offer credit products used to finance agricultural production and design our products to be inclusive, flexible and simple to use. Many of our customers have no credit records and limited financial means. We offer loans with variable sizes that suit their needs and their abilities to repay. Our credit products can be applied online through our *Xiangzhu* (鄉助) platform, which can be accessed through *Xiangzhu* (鄉助) app, social media official account and mini-programs, as well as HTML5 web app, and offline through our local branches, where our customers can drop by and seek assistance for online registration. Our local operation teams also provide in-person support at customers' doorsteps. Our products are more accessible to customers compared to the products offered by traditional financial institutions.

As of September 30, 2023, among customers who obtained loans through our platform, 90.2% were small-scale farmers, 70.3% had education level of middle school or below and 20.2% were ethnic minorities; as of the same date, the Female Participation Rate of our rural inclusive credit services was 69.1%.

We apply big data analytics and smart decision-making model to expedite our credit assessment process for loan applications, providing our customers with fast and convenient credit services that are customized to their needs. For instance, rating by our credit assessment system supported by big data model, applicants of our credit product, Speedy Loan (極速貸), receive credit decisions within three minutes on average after submitting application. Applicants of Inclusive Loans (惠農貸) and Installment Loans (農分期) receive credit decisions within four calendar days and four hours after submitting applications on average, respectively, compared with an average of three to seven calendar days for loan applications made with traditional financial institutions in the rural market, such as rural credit cooperatives, according to the Frost & Sullivan Report.

We have strong customer stickiness. In the nine months ended September 30, 2023, 53.7% of customers of our rural inclusive credit services obtained another loan through our platform within 360 days after repaying their previous loan. As of September 30, 2023, we had recorded 2.8 million customers who obtained loans through our platform in 6.9 million drawdowns with an aggregate principal amount of RMB138.7 billion since inception of our rural inclusive credit services. We believe that our ability to maintain such strong customer stickiness is rooted in our rigorous credit assessment model that is built on the extensive market-specific knowledge developed by our local operation teams and customer insights accumulated on our platform.

In the nine months ended September 30, 2023, our customers obtained an aggregate principal amount of RMB19.3 billion loans through our platform, a 14.1% increase from the same period in 2022. The total outstanding balance of such loans was RMB17.6 billion as of September 30, 2023, representing a year-over-year increase of 14.3%, and 88.3% was used for production and operation as of the same date. The following table sets out the total outstanding balance of loans obtained through our platform and revenue of our rural inclusive credit services as of the dates/for the periods indicated:

	As of/For the Year Ended December 31,		**As of/For the Nine Months Ended September 30,**	
	2021	**2022**	**2022**	**2023**
Total outstanding balance *(in RMB millions)*	14,981.3	15,157.6	15,434.9	17,634.5
Revenue *(in RMB millions)*	1,661.5	1,834.9	1,361.7	1,477.5

The following chart summarizes the key features of the credit products that we offer to our customers.

	Speedy Loan (極速貸)	**Inclusive Loan (惠農貸)**	**Installment Loan (農分期)**
Credit Assessment	AI-powered credit assessment	AI-powered credit assessment, combined with due diligence conducted by our local operation teams	AI-powered credit assessment, combined with due diligence conducted by our local operation teams

	Speedy Loan (極速貸)	**Inclusive Loan (惠農貸)**	**Installment Loan (農分期)**
Target Customers	Rural residents and small rural business owners	Rural residents and small rural business owners	Rural residents and small rural business owners who purchase agricultural inputs and equipment, green durables and other consumer goods on our platform
Average ticket size for the nine months ended September 30, 2023 *(RMB)*	6,731	58,577	22,567
Weighted average contractual tenor	9.2 months	11.9 months	11.6 months
Repayment Schedule	Flexible repayment with interest accrued on a daily basis	Flexible repayment with interest accrued on a daily basis	Flexible repayment with interest accrued on a daily basis

Speedy Loan and Inclusive Loan are primarily used for production and operation purposes to finance our customers' crop and livestock production, such as purchase of agricultural inputs and equipment. Speedy Loan and Inclusive Loan are also used for general commercial purposes, such as manufacturing, wholesale and retail, transportation, warehousing and delivery, and other purposes such as construction or repair of farmhouses as well as consumption purposes.

We offer credit solutions, such as Installment Loan (農分期), to allow our customers who purchase agricultural inputs and equipment or merchandise on our platform to pay in installments. As of September 30, 2023, 88.0% of our customers purchasing agricultural inputs and equipment and 64.5% of those purchasing green durables on our platform used such credit solutions, which demonstrates the "flywheel effect" among our agricultural production services, rural consumer goods and services and rural inclusive credit services.

Funding

We have diversified funding sources. We fund some of our credit products through our microcredit companies and trust plans set up by a partner trust company that we collaborate with. We record such funding as on-balance sheet loans. We recognize interest income from on-balance sheet loans as it accrues under the effective interest method. We also facilitate credit products funded by our partner banks, which are recorded as off-balance sheet loans. We recognize loan facilitation income for loans funded by our partner banks. For certain credit products that we jointly fund with our partner banks, we record the portion funded by us as on-balance sheet loans and the portion funded by our partner banks as off-balance sheet loans.

As of December 31, 2021, 2022 and September 30, 2023, the total outstanding balance of loans obtained through our platform was RMB15.0 billion, RMB15.2 billion and RMB17.6 billion, respectively, of which 71.1%, 65.1% and 57.2% was funded by us. The following table sets forth the outstanding balance of our on-balance and off-balance sheet loans as of the dates indicated:

	As of December 31,				As of September 30,	
	2021		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
On-balance sheet loan	10,648,043	71.1	9,865,970	65.1	10,079,973	57.2
Off-balance sheet loan	4,333,250	28.9	5,291,675	34.9	7,554,545	42.8
Total	14,981,293	100.0	15,157,645	100.0	17,634,517	100.0

On-Balance Sheet Loans

We fund on-balance sheet loans primarily through our microcredit companies and the trust plans set up by a partner trust company that we collaborate with. We bear credit risks for our on-balance sheet loans. See "Financial Information—On- and Off-Balance Sheet Commitments and Arrangement."

As of September 30, 2023, we had 14 microcredit companies, including two online microcredit companies registered in Chongqing and Hainan Province, respectively, and 12 regional microcredit companies located in 12 provincial-level regions across China. As of the same date, the total outstanding balance of the loans funded through our microcredit companies was RMB6.1 billion. Such funds consist of capital raised from shareholders' equity financings, cash generated from our operations, borrowings from domestic commercial banks and international financial institutions, as well as ABSs issued by us.

Funds in the trust plans include those contributed by us and other sources. The trust company is responsible for administering the trust plans in consideration of a service fee. As of September 30, 2023, the total outstanding balance of the loans funded through trust plans was RMB3.9 billion.

Off-Balance Sheet Loans

Leveraging our technology and local operation teams, we empower our partner banks to reach new customers who are underserved by traditional financial institutions. We refer qualified credit applications from these potential borrowers with their consent to our partner banks, which independently review and approve the applications. Once credit applications are approved, our partner banks will fund the borrowers' drawdown requests and receive repayments of the loans and accrued interests directly from the borrowers.

We also collaborate with partner banks to jointly fund certain credit products. In this case, the portion of loans funded by us are recorded as on-balance sheet loans and the portion of loans funded by our partner banks are recorded as off-balance sheet loans. Historically, we generally contributed no more than 5% of the principal amount for such jointly-funded loans. To comply with the Notice of General Office of the China Banking and Insurance Regulatory Commission on Further Regulating the Internet Lending Business of Commercial Banks (中國銀保監會辦公廳關於進一步規範商業銀行互聯網貸款業務的通知), whose relevant requirements came into effect on January 1, 2022, we have increased our capital contribution for each jointly-funded loan to not less than 30% starting from January 1, 2022. During the Track Record Period and up to the Latest Practicable Date, we did not violate any PRC laws and regulations with respect to the requirements over capital contribution amount for any jointly-funded loan.

As of September 30, 2023, we had entered into cooperative agreements with six commercial banks in China, pursuant to which our partner banks agreed to provide up to RMB15.7 billion in aggregate to fund or jointly fund certain credit products.

Loan Portfolio

The loan portfolio on our platform comprises both on-balance sheet and off-balance sheet loans. In the nine months ended September 30, 2023, the average single drawdown amount of the loans was approximately RMB34,000 and the weighted average contract term was approximately 11.6 months.

As of September 30, 2023, 88.3% of the balance of the loans obtained through our platform were used for production and operation purposes. As agricultural activities often involve purchases of agricultural inputs in bulk and large-size equipment, small-scale farmers and small rural business owners may have relatively higher credit demands. With our robust credit assessment and post-loan management abilities, we are able to fulfill such demands while prudently control credit risks. The following table sets forth a breakdown of the total outstanding balance of loans obtained through our platform by use as of the dates indicated:

	As of December 31,				**As of September 30,**	
	2021		**2022**		**2023**	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Agricultural production	7,195,244	48.0	7,231,409	47.7	8,554,327	48.5
Wholesale and retail	1,954,932	13.0	1,953,058	12.9	2,480,580	14.1
Service industries	1,738,144	11.6	1,748,182	11.5	2,062,463	11.7
Manufacturing and processing industries	1,156,176	7.7	1,155,457	7.6	1,312,503	7.4
Transportation	1,272,914	8.5	1,116,445	7.4	1,162,390	6.6
Others	1,663,883	11.1	1,953,094	12.9	2,062,255	11.7
Total	14,981,293	100.0	15,157,645	100.0	17,634,517	100.0

The following table sets forth a breakdown of the total outstanding balance of loans obtained through our platform by ticket size as of the dates indicated:

	As of December 31,				**As of September 30,**	
	2021		**2022**		**2023**	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Up to RMB10,000	601,990	4.0	474,384	3.1	485,129	2.8
RMB10,000 to RMB30,000	2,449,316	16.3	1,963,172	13.0	2,133,666	12.1
RMB30,000 to RMB70,000	4,721,454	31.5	4,386,488	28.9	4,705,399	26.7
RMB70,000 to RMB120,000	4,732,100	31.6	5,089,551	33.6	5,499,487	31.2
Over RMB120,000	2,476,433	16.5	3,244,050	21.4	4,810,837	27.3
Total	14,981,293	100.0	15,157,645	100.0	17,634,517	100.0

The following table sets forth a breakdown of the total volume of loans obtained through our platform by ticket size for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)							
Up to RMB10,000	2,685,181	12.0	2,186,800	9.6	1,805,715	10.7	1,257,603	6.5
RMB10,000 to RMB30,000	4,272,550	19.1	3,663,876	16.1	2,787,686	16.4	2,915,910	15.1
RMB30,000 to RMB70,000	5,813,356	25.9	5,580,774	24.5	4,099,505	24.2	4,638,939	24.0
RMB70,000 to RMB120,000	6,610,936	29.5	6,932,535	30.5	5,098,782	30.1	5,600,364	28.9
Over RMB120,000	3,025,201	13.5	4,375,894	19.2	3,160,171	18.6	4,934,510	25.5
Total	22,407,224	100.0	22,739,878	100.0	16,951,859	100.0	19,347,326	100.0

Interest Rate

The interest rates that we charge on our credit products are generally determined on a cost-plus basis. When determining the interest rate that we charge on a loan, we will consider a number of factors, including our funding cost, any guarantee, as well as the use and term of the loan. We do not charge customers administration fees or handling charges besides interest, which may include penalty interest and overdue interest. In 2021, 2022 and the nine months ended September 30, 2022 and 2023, the Effective APR of loans obtained through our platform was 17.5%, 17.9%, 17.9% and 17.8%, respectively, which was generally towards the relatively low end of prevailing market rates in the market we operate, according to Frost & Sullivan Report.

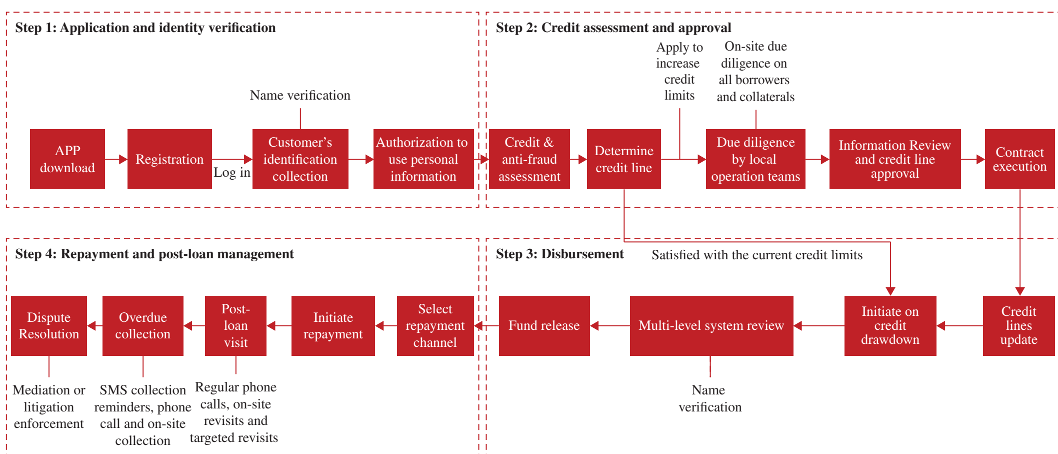
Borrower Protection

We endeavor to protect our customers' interests, which helps increase their stickiness and engagement on our platform. As part of our responsible lending philosophy, our focus is to issue loans based on our assessment of each customer's ability to repay the loans in order to achieve better repayment results. In addition, our strategy guided by our philosophy is to (i) present complete information to prospective customers before they enter into any loan agreements so prospective customers understand their obligations, (ii) empower and motivate our local operation teams to provide products and services suitable for prospective customers' needs, (iii) adopt reasonable pricing and provide credit products that do not exceed our customer's ability to make repayments, (iv) enhance data privacy protection, and (v) establish multiple complaint channels and respond to all customer complaints in a timely manner.

Technology-Empowered Transaction Process

We provide our customers with a fast and convenient borrowing experience. Our loan products can be applied online through our *Xiangzhu* (鄉助) platform, which offers a streamlined and standardized process of loan application and disbursement with step-by-step guidance to our customers. Our local operation teams provide in-person support for customers who need assistance in online registration and our rural inclusive credit services that require onsite due diligence to facilitate the transaction process.

Compared to traditional financial institutions, our transaction process is faster and more convenient. Our major transaction process involves application, credit assessment and approval, disbursement and post-loan management and collection. For details on our risk management and risk control policies and measures in association with our business, see "—Risk Management." The following diagram illustrates a simplified transaction process for our customers:



We have applied technology throughout the entire process to enhance customer experience, improve our operating efficiency and save time and efforts of our local operation teams. We equip our local service network with digital operating system and customer service toolbox that improve the efficiency of each step of the business process, including pre-loan information collection and diligence, loan approval and monitoring, and post-loan management, while reducing risks. When developing the digital operating system, we incorporate our standard business processes derived from extensive operational experience in customer and personnel management as a base and continuously optimize and upgrade these processes using our digital technologies expertise. We integrate advanced technologies, including image recognition, smart identification, knowledge graphic, big data analytics and AI, to all facets of our digital operating system.

Stage 1: Acceptance of Loan Applications

Prospective customers can make loan applications through our *Xiangzhu* (鄉助) app on their own after completing registration on the app. Our local operation teams can also visit prospective customers in person to assist them with the registration and application process.

To improve the efficiency of our loan application process, we equip our local operation teams with photo recognition and bank card recognition tools, which can quickly recognize and automatically convert information in image format such as identification documents, bank statements and other documents to texts and enter such information into our system. Such image recognition tools enable our local operation teams to complete information recording that may take some time in the past by taking a picture at single click that only takes few seconds.

Stage 2: Credit Assessment, Investigation and Approval

Once customers make credit applications through *Xiangzhu* (鄉助) app, our systems will perform preliminary credit assessment using our proprietary AI-powered credit assessment system, which can assess customers' ability to repay loans leveraging our proprietary algorithms and massive data accumulated on our platform. If approved, our system will automatically assign a preliminary credit line of up to RMB30,000 to the applicants. Such limit can satisfy the credit demand of a significant number of our customers. If customers thereafter apply for higher credit line, our local operation teams will conduct onsite due diligence within one day after receiving their applications to collect additional financial and non-financial information for credit assessment. We typically make credit decision within two calendar days after the onsite due diligence.

We apply big data analytics and smart decision-making model to support our local operation teams in assessing loan applications. For example, our AI-powered credit assessment back-end system enables applicants of Speedy Loan (極速貸) to receive credit decisions within three minutes after submitting applications on average. Applicants of Inclusive Loans (惠農貸) and Installment Loans (農分期) receive credit decisions within four calendar days and four hours after submitting applications on average, respectively. When conducting onsite due diligence, local operation teams can use our digital credit assessment tools to analyze customers' transaction information imported from third-party platforms and receive assessment results, enabling them to conduct further due diligence in real time for any flagged risks. Based on the assessment results generated by the decision-making model, we will also determine if more experienced operation personnel should be involved in the loan approval process. Using our big data capabilities, we also assess the risk management capabilities of local operation teams and adjust the weight of their decision in loan approval process based on our assessment results.

Stage 3: Execution of Loan Documentation and Disbursement

Successful loan applicants will be asked to execute loan documentation. We offer online execution tools to our customers and local operation teams for easy execution and better record keeping. After execution of loan documentation, customers may request drawdowns within the approved credit lines. For Speedy Loan and Inclusive Loan, our customers may draw down funds to their bank accounts. For Installment Loan, the funds equal to the purchase prices of the relevant merchandises will be paid to the relevant merchants' bank accounts with corresponding loan balances posted to our customers' accounts on our *Xiangzhu* (鄉助) app. We generally require borrowers of certain of our credit products to designate a co-borrower, who is in most cases the principal borrower's immediate family member.

Stage 4: Post-Loan Management and Collection

We carefully balance the needs to control our credit risks and our commitment to delivering a convenient borrowing experience. Our system provides AI-assisted customer reminding services. It tracks customers' repayment schedules and automatically sends repayment reminders through in-app notification and SMSs before the due date. More importantly, we have clear post-loan return visit policies to ensure that local operation teams discuss with our customers in advance about plans on repayment, credit extension and additional loans needed based on their knowledge of our customers' loan terms and credit demands. In addition, such close interactions with our customers enable our local operation teams to identify potential default events earlier and provide opportunities to explore solutions before the actual defaults. We do not outsource collection, and our local operation teams keep close contact with any defaulting customers to achieve better collection results. We continuously monitor their collection efforts to ensure compliance with relevant regulatory requirements. In the event of malicious default of a loan that is overdue of over 90 calendar days, we may engage in mediation with, or require our local operation teams to file lawsuit against the borrower and the relevant guarantor or request enforcement actions.

Types of Security

By types of security provided, we categorize our rural inclusive credit services into three types: unsecured loans (loans that do not have any collateral or guarantor), guaranteed loans (loans that are guaranteed by individual guarantors, who are, to the best of our knowledge, generally small-scale farmers and small rural business owners who are acquainted with the borrowers) and secured loans (loans that are secured by collaterals). We generally require loans in excess of RMB200,000 to be secured. Collateral of secured loans is generally residential property. For loans between RMB100,000 and RMB200,000, we generally require a third-party guarantor. For loans with a principal amount of RMB100,000 or less, we generally do not require a collateral or guarantor.

The following table sets forth a breakdown of the total outstanding balance of loans obtained through our platform by security type as of the dates indicated:

	As of December 31,				As of September 30,	
	2021		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentage)					
Guaranteed loans	10,896,058	72.7	11,992,569	79.1	13,937,564	79.0
Unsecured loans	3,720,684	24.8	2,818,399	18.6	3,331,386	18.9
Secured loans	364,551	2.4	346,677	2.3	365,568	2.1
Total	14,981,293	100.0	15,157,645	100.0	17,634,517	100.0

Credit Performance

The credit performance of the loans obtained through our platform affects our financial conditions and results of operations. If repayment for one credit drawdown is overdue, we consider the repayments for the remaining drawdowns to be at risk for the purpose of evaluating the credit performance. Based on our experience, loans overdue for less than 30 calendar days have a higher chance to be recovered, therefore we focus on credit performance of loans for which repayment of any drawdown is more than 30 calendar days overdue.

The following chart illustrates the historical delinquency rate by balance of loans obtained through our platform as of December 31, 2021, 2022 and September 30, 2023. As of September 30, 2023, our D30+ and D90+ delinquency rate was 1.83% and 1.38%, respectively, both of which were significantly below industry average, according to the Frost & Sullivan Report. The D30+ and D90+ delinquency rates both increased from 2021 to 2022, primarily due to the difficulties suffered by some borrowers as a result of COVID-19 pandemic. From the inception of our rural inclusive credit services up to September 30, 2023, our historical actual credit loss ratio has remained below 0.5%, representing an industry-leading level of risk control, according to the Frost & Sullivan Report.

	As of December 31,		As of September 30,
	2021	2022	2023
D30+delinquency rate(1)	1.36%	2.27%	1.83%
D90+delinquency rate(2)	1.01%	1.58%	1.38%

Notes:

(1) Delinquency rate by balance for loans that were over 30 calendar days overdue, which equals to (i) outstanding principal balance of loans that were over 30 calendar days past due (excluding loans that were written-off), as divided by (ii) total outstanding principal balance of the loans (excluding loans that were written-off) obtained through our platform as of a specific date.

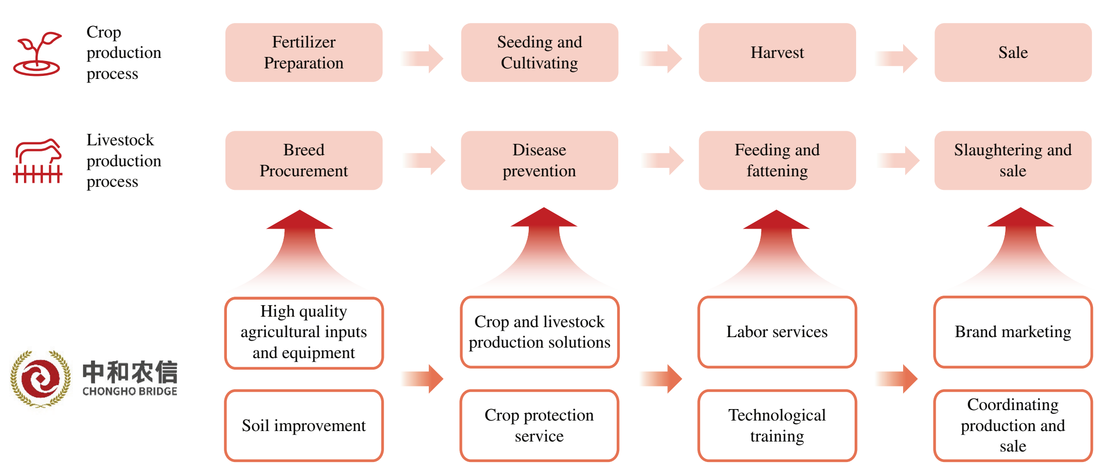
(2) Delinquency rate by balance for loans that were over 90 calendar days overdue, which equals to (i) outstanding principal balance of loans that were over 90 calendar days past due (excluding loans that were written-off), as divided by (ii) total outstanding principal balance of the loans (excluding loans that were written-off) obtained through our platform as of a specific date.

Agricultural Production Services

Small-scale farmers engaged in crop and livestock production historically rely heavily on personal experience instead of scientific planning and implementing available technologies. To address difficulties our customers face with agricultural production technology and a lack of tailored agricultural input services, we provide comprehensive agricultural production services to rural customers engaged in crop and livestock production. Our agricultural production services cover end-to-end agricultural production process, from procuring agricultural inputs and equipment to crop and livestock production, harvesting, and ultimately, sale of agricultural products. Through our technology-powered services, we make agricultural production more sustainable and efficient and help small-scale farmers and small rural business owners increase their income.

Before crop and livestock production, we formulate customized agricultural inputs and equipment solutions based on our on-site field research and cooperate with selected manufacturers to provide, and in some cases, co-develop these products. During crop and livestock production process, we educate our customers of agricultural technologies and skills, and offer tailored farming technology management services to help them improve efficiency and increase yields through technologies and help of local farming experts. We also offer free agricultural knowledge-sharing services, through which they can ask questions to agricultural experts and technicians and receive prompt replies. After harvesting, we source agricultural products from farmers and resell to manufacturers such as feed companies, expanding the sales channels across the agricultural value chain and expanding income sources for farmers. To continuously upgrade existing solutions and launch new offerings, we build a team of over 40 in-house agricultural experts and technicians and cooperate with external experts, technicians and one renowned agricultural college.

The following diagram illustrates our agricultural production services along the agricultural value chain:



The following table sets out the GMV and revenue of our agricultural production services for the periods indicated.

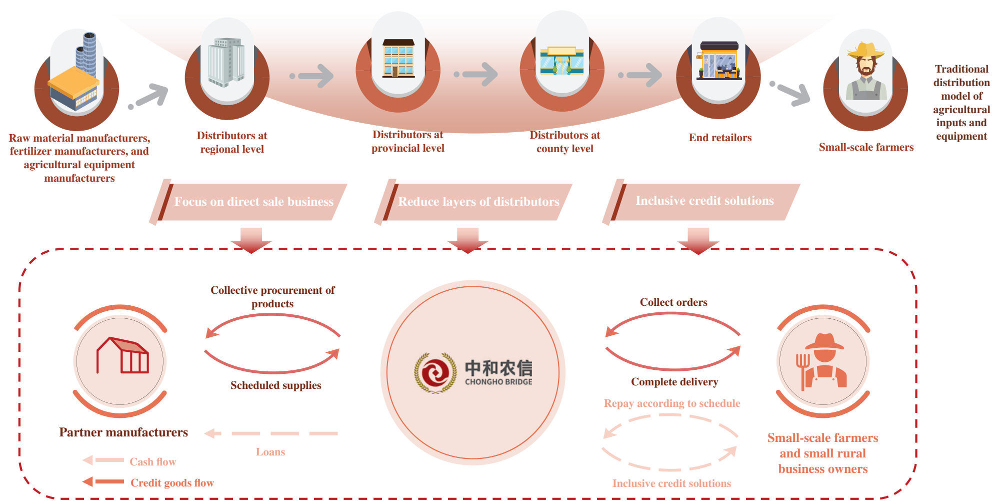
	For the Year Ended December 31,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
GMV *(in RMB millions)*	419.8	961.9	801.8	1,079.1
Revenue *(in RMB millions)*	377.5	417.5	372.9	621.4

As of September 30, 2023, the cumulative GMV of our agricultural production services reached RMB2.7 billion since inception of our agricultural production services. As part of our agricultural production services, we operate *Xiangzhu (鄉助)* platform through self-operating model and marketplace model. Under our self-operating model, we recognize revenue on a gross basis from the total amount paid by customers for the goods sold on our platform when we are acting as a principal in the course of business. Under our marketplace model, we recognize revenue on a net basis from service fees paid by manufacturers and merchants transacted through our platform.

Agricultural Inputs and Equipment

We formulate customized agricultural inputs and equipment solutions based on comprehensive on-site field research of soil condition, crop information, planting habits, types of agricultural inputs, common pests and diseases as well as agricultural production challenges in local areas. Based on such customized solutions, we partner with selected manufacturers of agricultural inputs and equipment to provide suitable products to our customers such as optimized fertilizers that improve soil conditions, seed drills, combine harvesters and tractors. For example, we cooperate with fertilizer manufacturers with customization and research capabilities to design fertilizers made with advanced processing technique and proper formula. In addition, we develop plant protection solutions suitable for each growth stage of plants through assembling different fertilizers and pesticides in expert-designed quantities and ratio, enhancing product effectiveness while reducing excessive chemical usage. We also cooperate with selected manufacturers to offer autonomous tractors, significantly reducing manpower and improving efficiency in agricultural production. Furthermore, we cooperate with a renowned agricultural college to cultivate and promote the application of advanced agricultural inputs and have established a research institution to deepen our collaborations with agricultural technology partners. As the application of agricultural inputs varies with plant or livestock growth stages, we educate customers on appropriate application methods, empowering them to fully capture the benefits of our products. With our specialized products and advanced agricultural technologies, we aim to improve the production efficiency of farmers and quality of agricultural products, reduce risks and uncertainties inherent in each step of planting, and help farmers achieve higher agricultural income.

Our customers are small-scale farmers that operate on small-scale plots of land or livestock and poultry farms, as well as small rural business owners. They traditionally relied heavily on layers of distributors to purchase agricultural inputs and equipment. Leveraging our *Xiangzhu (鄉助)* platform, we digitalize and streamline the supply chain. We primarily adopt a self-operating model. In most instances we aggregate demands from customers and then make bulk purchases of agricultural inputs from manufacturers. We also operate in a marketplace model, where manufacturers, merchants and customers can transact through our *Xiangzhu (鄉助)* app directly. The flow chart below illustrates our transaction process of the self-operating model:



Under our self-operating model, we identify the needs of and the issues faced by our rural customers in agricultural production, come up with optimized product solutions, such as fertilizers with scientific composition, to address issues in agricultural production and order such products from our partner manufacturers. We generate revenues by selling agricultural inputs and equipment that we procure from our partner manufacturers in volume to small-scale farmers and small rural business owners. In most instances, we do not need to maintain inventory, thereby achieving better fulfillment efficiency. This is made possible by our order-driven sales model, where we introduce the products and their benefits to customers and then collect orders from rural customers before purchasing the same from our partner manufacturers. With our rich experience and insights in agricultural production, we also purchase certain products expected to have high market demands in advance and store them in our front warehouses to facilitate fast transportation upon order placement. We maintain inventory in such cases and closely monitor our inventory level and implement rigorous inventory management policy.

Under our marketplace model, customers can directly communicate with manufacturers or merchants through our *Xiangzhu (鄉助)* app. For example, a merchant selling tractors may post its products on our platform and interested customers can contact the retailor and visit their store for a test drive. Our local operation teams and village-level partners may assist in the transaction process. For each transaction completed, we charge service fees as a certain percentage of the total purchase price.

We select partner manufacturers and merchants based on a number of factors, including brand recognition, market demand, product quality, pricing and supply capacity. We enter into cooperation agreements with partner manufacturers and merchants, which typically have a term of one year, and reevaluate our cooperation arrangement at the end of the term. Once selected, the products of partner manufacturers or merchants will be displayed on our *Xiangzhu (鄉助)* app and mini-program with detailed descriptions. Leveraging our large customer base, we are able to obtain favorable terms in prices, cash settlement policies, and customer services from our partner manufacturers and merchants. Our extensive cooperation with manufacturers enables us to offer a comprehensive suite of products of known quality and standards on our platform, including saplings, fertilizers, animal feed, pesticides and various agricultural equipment used for field crops, fruit trees, as well as livestock and poultry farming. As of September 30, 2023, we have the ability to provide over 7,000 SKUs related to agricultural inputs and equipment.

Our ability to provide customers with financing options allows us to quickly scale up our business. Customers of our agricultural production loans whom we are familiar with have recurring needs for agricultural inputs and may decide to purchase agricultural equipment. They are natural users of our agricultural inputs and equipment. We have partnered with a number of leading manufacturers of agricultural inputs and equipment to allow rural customers to lock in prices and supplies during the off-season, coupled with credit options. This approach improves the affordability of agricultural inputs and equipment by restructuring the supply chain and relieves our customers from the need to prepare a large amount of cash for bulk purchases when agricultural production begins. We also offer such credit solutions to small rural business owners who purchases agricultural inputs and equipment. To encourage customers and merchants to purchase such agricultural inputs and equipment, we may decide to subsidize a portion of the interest to reduce their financing cost for a certain period. For example, we offer interest-free period of up to 360 days to customers using our credit solutions. As of September 30, 2023, we provided credit solutions to 88.0% of customers who purchased agricultural inputs or equipment from our platform.

Our strong technology capabilities and extensive local service network improve the operational efficiency of our logistics process. Under self-operating model, we are generally responsible for the delivery of products and we engage third-party logistics companies to deliver the products to our local branches. To increase efficiency, we have developed proprietary enterprise resource planning ("**ERP**") system that covers supply chain management, procurement, storage, sales data management, risk management, finance and operations. In particular, our intelligent logistics back-end system will automatically bundle purchase orders based on manufacturer, origin and destination and generate consolidated shipping orders to ensure that purchase orders from the neighboring areas are shipped in full truckload. Our system will also optimize transportation routes based on features of each shipment to save logistics costs. In addition, we cooperate with a third-party warehousing and logistics company and through integrating our system with theirs, the orders placed to us will automatically be sent to the warehouses based on proximity of destinations. The system records real-time tracking information from shipping requests to delivery completion notice, which enables us to coordinate orders, respond timely in cases of emergency and settle purchase prices with our partner manufacturers based on order information. After the products are delivered to the local branches, our local operation teams arrange the delivery of the products to customers' villages or door-steps. In this way, we not only bring convenience for our customers and reduce their logistics costs, but also enable our local operation teams to better identify customers' needs and track their repayment abilities from their visits. Besides delivery by local operation teams, our local branches also offer self-pickup option to customers and engage third-party logistics companies for delivery. Under marketplace model, our partner merchants are responsible for the delivery.

Providing satisfactory customer experience is a high priority to us. We adopt flexible reimbursement and product return/exchange policies. Our local operation teams help our customers with return and refund for defective products. They also conduct onsite visits with agricultural technicians to assess product quality and help mitigate our customers' losses. If there are any quality issues with the products, our suppliers are generally responsible for replacement.

We attract customers through our extensive local service network as well as multiple online channels. We upload short videos and livestreaming on social media platforms to promote our products and services. We organize online consultation and Q&A sessions for customers before, during and after sales, and provide technical support to facilitate the use of the products purchased on our platform.

We focus on scaling our business while boosting profit margins. On the one hand, we boost the sales of agricultural inputs and equipment by selling standard agricultural inputs with consistent high demand, such as compound fertilizers and mixed feed. On the other hand, we cater to high-end and professional agricultural producers by offering them specialized products such as premium fertilizers and pesticides. These products can effectively reduce labor costs, mitigate risks of production reduction due to pests and diseases and help them achieve the expected yields. Through meticulous product selection, strategic promotional activities and technology training, such premium products have received positive feedbacks from our customers and external experts. The gross profit margin of our agricultural production services increased from 4.1% in the nine months ended September 30, 2022 to 7.4% in the same period in 2023. Primarily due to an increase in prices of raw materials and the impact of the COVID-19 pandemic, the gross profit margin slightly decreased from 4.4% in 2021 to 3.9% in 2022. In 2021, 2022 and the nine months ended September 30, 2022 and 2023, the total GMV of agricultural inputs and equipment purchased through our platform was RMB419.8 million, RMB954.8 million, RMB795.0 million and RMB960.9 million, respectively.

The effectiveness of our business model and marketing strategies can be demonstrated by the success of our operations in Inner Mongolia. Prior to our entry into the market, the leading players of online agricultural inputs and equipment market in Inner Mongolia were primarily well-established e-commerce platforms. We began to offer agricultural inputs and equipment in Inner Mongolia in late 2019, when we had already accumulated a large number of credit customers there. Leveraging the trust relationship built with our customers, our local operation teams were able to quickly introduce our customized agricultural inputs and equipment solutions to them. Our abilities in offering quality agricultural inputs and equipment, as well as our installment payment options and agricultural knowledge-sharing services, effectively helped us grow customer base in a short period of time. According to the Frost & Sullivan Report, our online platform is the second largest among online agricultural inputs and equipment supplier in Inner Mongolia as measured by GMV in 2022. Our successful model in Inner Mongolia has been replicated in other geographic areas by leveraging our local operation teams, local talents and digital infrastructure.

Farming Technology Management Services

As the application of agricultural technology has not penetrated into many rural areas, small-scale farmers and small rural business owners generally lack proper guidance on scientific agricultural production method and professional agricultural services. To solve this issue and help customers optimize crop growth, health and yield, we leverage our proprietary *Xiangxin (鄉信)* system to offer end-to-end farming technology management services, covering planting, fertilization, application of agricultural equipment, pests and diseases control, on top of formulating agricultural inputs and equipment solutions.

We have developed a suite of technology solutions tailored to the local conditions for crop and livestock production by employing full lifecycle production models, image recognition and big data analytics. Our *Xiangxin (鄉信)* system enables us to provide professional, high-quality and convenient farming technology management services by empowering local operation teams and village-level partners with digital tools and connecting them with agricultural experts. We have established a team of village-level partners to implement our farming technology management services, which consists local residents with rich agricultural experience and proper training. Through *Xiangxin (鄉信)* system, our village-level partners are able to establish digital profiles of our customers and their lands, keep track of the growth stages of crops and livestock and seek help from agricultural experts as necessary. *Xiangxin (鄉信)* system also sends automatic reminders to our village-level partners of their outstanding services assignments, such as field inspection, farm work, application of agricultural equipment and replenishment of feed, which enables them to effectively track and manage their work progress. Please see "—Our Technology—Agricultural Technology" for details of our *Xiangxin (鄉信)* system. Equipped with effective digital tools and guidance from agricultural experts, our village-level partners are well positioned to accurately implement the farming technology management services to a wide range of customers. With a growing customer base, we are able to consolidate the traditionally fragmented lands and apply technology-driven agricultural equipment for agricultural production in a larger scale to improve yields and operational efficiency. Our farming technology management services enable rural residents that lack agricultural technology knowledge and resources to receive professional services and guidance and improve the economic benefits derived from their lands. We also facilitate the professionalization of agricultural production and enable more rural residents to find suitable employment positions in their local areas. We generate revenue from fees paid by our customers for integrated services based on the size of farmland and types of crops.

Since 2022, we have piloted farming technology management services to increase production and income to farmers in 27 counties of Hebei and Shandong Provinces. As of September 30, 2023, our *Xiangxin (鄉信)* system had over 60,000 registered rural customers. As of the same date, we had 27 branches with local operation teams consisting of over 1,000 village-level partners for farming technology management services. We served over 15,000 transacting customers with over 210,000 *mu* of farmland in the nine months ended September 30, 2023, compared to over 2,400 transacting customers with over 25,000 *mu* of farmland in the same period in 2022.

Agricultural Products

Using our nationwide network, we are able to help farmers sell agricultural products in a convenient and time-efficient manner. For example, we purchase agricultural products such as corn and wheat from farmers and resell such products to leading feed companies, extending our selling channels across the entire agricultural value chain and expanding income sources for farmers. We generate revenues by selling agricultural products that we purchased from small-scale farmers and small rural business owners to agricultural manufacturers.

We started the sale of such agricultural products in the third quarter of 2023. For the nine months ended September 30, 2023, the GMV of the agricultural products transacted through our platform was RMB68.8 million. During the same period, a total of over 20,000 tons of corn and wheat transacted through our platform.

Agricultural Knowledge-Sharing Services

We have an unwavering commitment to local communities and carry out this commitment by offering free access to our agricultural knowledge-sharing services on our *Xiangzhu (鄉助)* app. For example, we developed image recognition algorithm for pests and diseases control. Once uploading images of affected crops, our system can automatically identify the pests or diseases at issue with more than 90% accuracy rate to assist our employees and external experts in decision-making, and generate description, prevention and elimination measures based on our big data analytics capabilities for their reference. We also upload short videos on social media platforms to educate farmers of agricultural technologies and tips in agricultural production. In addition, we offer real-time display of the price of agricultural products and livestock in various local markets, enabling customers to search market prices easily and optimize their agricultural production decisions.

We have a dedicated team of in-house agricultural experts and technicians and collaborate with external experts and technicians. We engage these experts and technicians to answer our users' questions on our platform in an interactive way or provide onsite technology services to our users. External experts and technicians include professors of universities and research institutions and skilled technicians from manufacturers of agricultural inputs and equipment as well as agricultural technology centers.

As of September 30, 2023, over 10,000 agricultural technique-related questions were satisfactorily addressed on our *Xiangzhu (鄉助)* app. In September 2023, we started posting on social media platform to further enhance our efforts in agricultural knowledge-sharing. From September 30, 2023 and up to the Latest Practicable Date, the aggregate views of our posts on social media platforms exceeded 13 million.

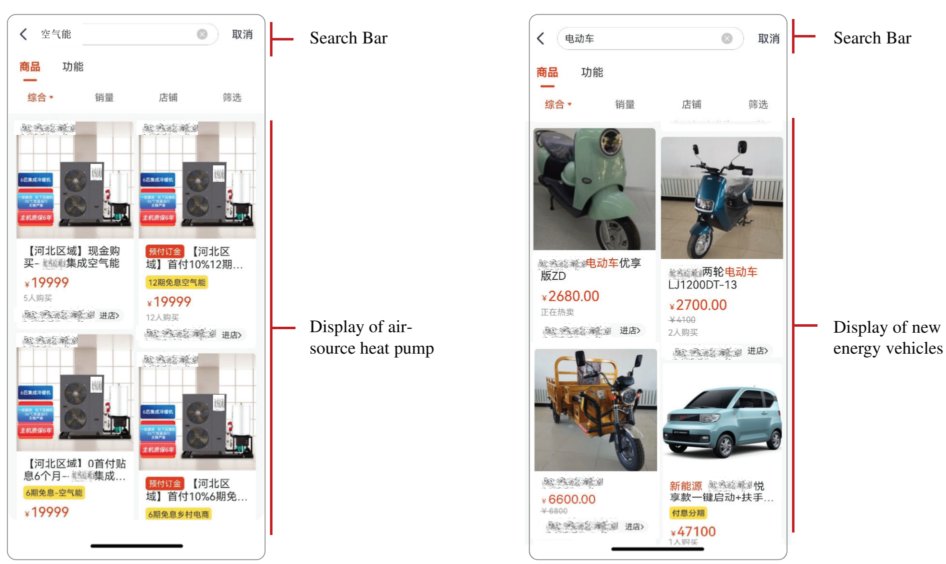
We believe that our agricultural knowledge-sharing services not only effectively help our rural customers solve the problems encountered in agricultural production but also benefit our business by growing our customer base, increasing our customer stickiness and generating demands for our paid services. For example, we can stimulate demand for fertilizers by providing training to rural customers on how to use fertilizers to boost crop yields, which in turn drives the sale of our agricultural inputs and equipment.

Rural Consumer Goods and Services

To address rural residents' rising consumption demands and improve their quality of life, we offer consumer goods, services and digital access to insurance policies that are customized to the needs of rural customers.

Consumer Retail Services

Based on our insights into China's rural market and rural customers' needs, we provide to rural customers bulky, heavy and durable consumer goods, which other e-commerce platforms generally do not focus on offering. We primarily offer green durables, such as air-source heat pumps and other green home appliances, affordable new energy vehicles and eco-friendly furniture. An increasing number of rural customers become interested in green durables due to favorable governmental policies on prices. We also offer other consumer goods, such as food, milk and beverage products customized for family/friends gathering. The screenshots below illustrate some of the products sold on our *Xiangzhu (鄉助)* platform:



We operate under two models: self-operating model and marketplace model. Under the self-operating model, we source products from upstream manufacturers or merchants and sell to our customers. We closely monitor our inventory level and implement rigorous inventory management policy. Leveraging our large customer base, we are able to obtain favorable terms in price and after-sale services from upstream manufacturers or merchants. We recognize revenue on a gross basis from the total amount paid by customers for goods sold on our platform when we are acting as a principal in the course of business. Under the marketplace model, we attract qualified third-party merchants to our online marketplace to offer selected, value-for-money merchandise. We recognize revenue on a net basis from service fees paid by manufacturers and merchants transacted through our platform.

We implement strict control policies and criteria for admitting merchants to our online marketplace, including qualification requirements as well as risk assessment and monitoring. We also take measures to ensure the accuracy of the product information and the quality of merchandise posted on our platform. We require a deposit from merchants, the amount of which depends on the merchandise category, to guarantee their compliance with our platform's policies and rules.

Our customers use *Xiangzhu* (鄉助) app and mini-program to browse and purchase selected, value-for-money merchandise. We also sell our products through third-party channels such as *Kuaishou* and *Douyin*. As of September 30, 2023, we provided over 7,400 SKUs related to consumer goods on *Xiangzhu* (鄉助) app and mini-program.

We are committed to providing high-quality customer service. As the transportation infrastructure in rural areas is generally less developed than metropolitan areas, we engage reliable third-party logistics providers to ensure that products are delivered timely and intact. Our local operation teams deliver the goods to the customers' villages or door-steps when they visit customers to provide convenience for our customers and reduce their logistics costs. They can also respond timely when customers need repair, maintenance or return and effectively liaise with manufacturers when needed to facilitate after-sales services. We cooperate with brand manufacturers to ensure the quality of after-sales services. We adopt flexible reimbursement and product return/exchange policies. If there are any quality issues with the products, our suppliers are generally responsible for replacement.

Consumer retail services provide cross-selling opportunities of our rural inclusive credit services. As the prices of certain merchandise, such as green durables, are relatively high, we provide credit solutions to prospective customers who have passed credit assessment to improve the affordability of such products. In this way, customers can buy products using our credit solutions and we will pay the full purchase prices directly to our partner manufacturers or merchants. As of September 30, 2023, approximately 64.5% of customers who purchased green durables on our platform used our credit solutions. In addition, we offer financing options to merchants on our online marketplace to fund their purchase from manufacturers. This helps attract more merchants to our platform and expand product offerings of our consumer retail services while facilitating the growth of our rural inclusive credit services. We directly pay the loan proceeds to the manufacturers on behalf of the merchants to ensure the proper use of loan proceeds. Such scenario-based financial service model increased the cross-selling of our products and services.

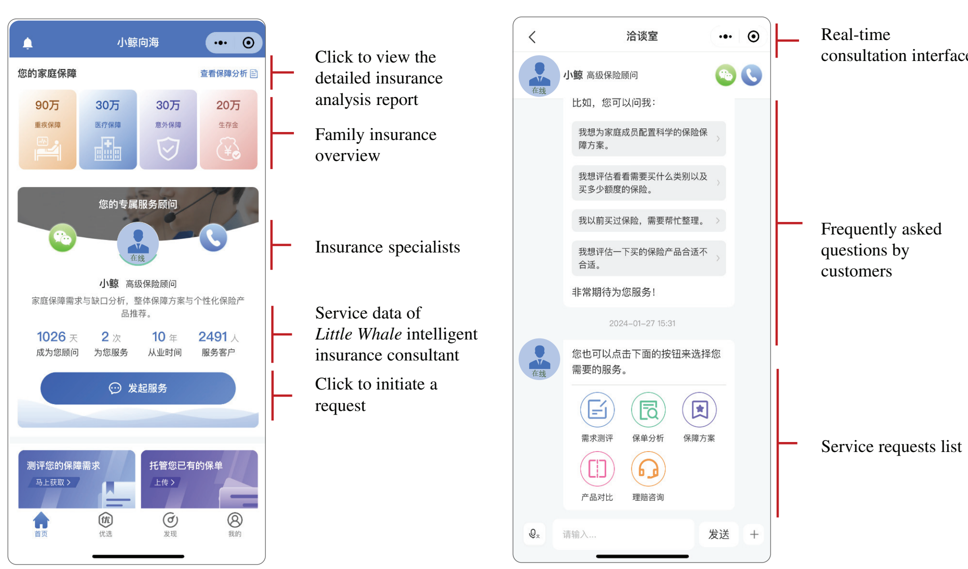
Launched in 2021, our consumer retail services have achieved continuous growth over the years. In 2021, 2022 and the nine months ended September 30, 2022 and 2023, the GMV of our consumer retail services was RMB24.2 million, RMB185.1 million, RMB147.1 million and RMB235.3 million, respectively.

Digital Insurance Distribution Services

The rural insurance market is underdeveloped in China. Rural households, many of whom have never been insured before and are unfamiliar with insurance products, are in need of tailored insurance products to protect them against adverse events. In addressing their needs, we launched *Little Whale (小鯨向海)* platform, which is an online insurance distribution and service platform that can be accessed through our *Xiangzhu (鄉助)* app. We cooperate with 48 insurance companies where we act as an insurance agency to distribute insurance products underwritten by them, primarily including accident insurance, properties insurance, annuity, life insurance and health insurance. We offer integrated insurance distribution services covering each stage before, during and after purchases of the insurance products.

We help insurance companies customize small-ticket, accessible and practical insurance policies and services that cater to the actual needs of rural residents, by leveraging our decades of experience in the rural market, knowledge of our customers and analytics capabilities. For example, we understand that rural households are usually vulnerable to medical expenses. To enhance their resilience, we help insurance companies design a small-ticket cancer insurance product which has wider coverage and higher cost-effectiveness compared with other insurance products in the market. Benefited from our deep cooperation with insurance companies, we earn the position as sole distributor for such products for a period of time. It offers a lump sum payout once cancer is diagnosed, which is easy for rural customers to understand and make insurance claims when needs arise. In addition, our platform distributes a customized accident insurance product, which insures farmers against accidents in their daily agricultural production activities and various high-risk work they may take during off-seasons with affordable prices. This product effectively protects farmers from significant economic losses due to accidents.

Through our technology-driven *Little Whale (小鯨向海)* platform, we provide our customers access to professional, transparent and convenient insurance services. Our *Little Whale (小鯨向海)* platform adopts an "AI (Artificial Intelligence) + IA (Insurance Agent)" model, which provides insurance specialists with 7/24 AI-powered smart customer service tools, fulfilling a wide range of customer demands from insurance needs assessment, insurance product analysis and management, to after-sale services. These functions can be accessed through our interface page as illustrated by the chart below:



We aim to help customers select suitable insurance products and the first step is to identify their insurance needs. We have developed a smart digital tool to conduct well-rounded assessment of our customers based on various factors, including their places of residence, occupation, household income and expenses, among others. We also help customers analyze and manage their existing insurance products. Backed by our analytic tools, we break down complicated insurance terms and present our customers with a clear picture of their current insurance coverage and potential shortage. We also present such information in graphics so that our customers can have a clearer and more comprehensive understanding. Our insurance analysis system is illustrated by the chart below:

Based on analysis of insurance products, our smart recommendation tools will generate customized insurance solutions leveraging big data and AI algorithms to assist our employees in decision-making. We provide featured labels and term summary for each insurance product, as well as case studies on the platform to help our customers have a clear understanding of the insurance products at their first glance. We also help customers select suitable insurance products through our smart insurance comparison tools. If our customers decide to purchase an insurance product, our system will direct the customers to provide detailed information regarding the insured and beneficiary. Upon the completion of the insurance application process, the customers will pay insurance premiums directly to our partner insurance companies.

We empower our insurance specialists with technologies. We offer an integrated app which encompasses insurance products portfolio, customers acquisition and management tools, insurance products recommendation and management tools as well as compensation management tools, enabling them to keep gaining expertise and recommend suitable products to customers.

As rural customers are not familiar with insurance products, they often face difficulties in making claims, which reduces their incentive to purchase insurance products. Compared with individual customers, we are at a better position in negotiating with insurance companies in claim settlement. To help our customers and the insured grasp the full benefits of insurance, we build a claims team to assist them in analyzing coverage scope, preparing claim materials and liaising with the insurance companies. As of September 30, 2023, we have helped 37,686 insured to make insurance claims. We are committed to making insurance services inclusive and caring. Through collaboration with several insurance companies, we established an insurance charity fund "Protection and Caring of Rural Communities" ("守護鄉愛") to mitigate the economic and mental pressure of rural customers.

We primarily generate revenue from commissions charged to our partner insurance companies for the insurance products distributed by us. As of September 30, 2023, we partnered with 48 insurance companies. The commission rates vary depending on the insurance products distributed by us, which are determined by arm's-length negotiation with reference to the commission rates our partner insurance companies offered to other insurance intermediaries and the claim settlement ratio of the products distributed by us. We define our customers as purchasers of the insurance policies we distribute. During the Track Record Period, we distributed over 2.5 million insurance policies to a total of 1.6 million customers through our *Little Whale (小鯨向海)* platform, with an aggregate gross written premiums of over RMB719.5 million. In 2021, 2022, the nine months ended September 30, 2022 and 2023, the gross written premiums of our digital insurance distribution services were RMB258.3 million, RMB259.8 million, RMB178.5 million and RMB201.4 million, respectively.

Other Services

We allow users to share information on our platform and provide various value-added services to our users free of charge, such as mobile top-up service. Our services aim to make our users' lives easier and better and drive engagement on our platform, which in turn leads to more transactions on our platform.

In addition, we provide philanthropy services to the rural communities. We partner with nonprofit organizations, as well as companies seeking to fulfill their social responsibilities. Through our nationwide network, we distribute relief items entrusted to us by our partner nonprofit organizations to the hands of those in need, and help socially responsible companies to empower the rural communities that we serve. These collaborations effectively enhance rural customers' trust in and relationships with us.

We are exploring new business initiatives. Beginning in the second half of 2023, we offer promotion services through our online platform and local service network. We promote products and services of our business partners through our *Xiangzhu (鄉助)* platform and popular media platforms such as *Douyin* and *Kuaishou*. We also engage county-level KOLs for online promotion to supplement the marketing activities of our local operation teams. With our broad online coverage and extensive local service network, we help our business partners improve brand exposure and enhance their customer outreach in rural markets.

Rural Clean Energy Services

Our rural clean energy services promote the use of clean energy and reduce carbon emissions in rural areas through household distributed PV projects. Household distributed PV projects are solar energy generation systems that use PV modules installed on rooftops to convert electricity from solar power. While the clean energy market has undergone significant growth in the past, power grid companies are facing difficulties in finding stable and sustainable electricity suppliers in rural areas. On the other hand, rural areas have vast resources of rooves, presenting substantial growth potential for household distributed PV projects. With our deep roots and established trusts in rural communities, we are well-positioned to collaborate with rural residents and develop long-term relationship with power grid companies in the rural market.

Through our local operation teams who have close connections with local communities, we increase the awareness of clean energy in rural communities and effectively identify proper rural residents to partner with. We install PV modules on the rooftops that we leased from rural residents by engaging third-party contractors, and generate revenue from selling electricity generated by the PV modules to local power grid companies. We enter into rental agreements with local residents, which generally have a term of 20 years, subject to an option to renew for another five years at our discretion. Before entering into rental agreements, we conduct thorough inspections, such as roof conditions, sunlight time and ownership of the property, to ensure the rooftops' suitability. With the rental fees paid, our rural clean energy services help rural residents utilize their idle assets, improve their income level without upfront investment on their own, increase their risk resistance capacity and promote a transition towards clean energy in rural areas.

We launched our rural clean energy services in the third quarter of 2022 and piloted our household distributed PV projects in Liaoning Province and Tianjin. The installed capacity of our PV projects increased from 2.4 MW as of December 31, 2022 to 8.9 MW as of September 30, 2023. Our PV projects are estimated to help rural households increase revenue by an average of approximately RMB2,500 per year.

Currently, we primarily develop and operate our own household distributed PV projects. As we accumulate more experience, we also provide development, construction and maintenance services to third-party PV projects and generate revenue from service fees we charge to such third parties. Our comprehensive services cover PV modules design, construction and installation, equipment procurement, and grid-connection support, among others. We consider it as a key business model of our rural clean energy services in the future.

Leveraging years of operations in rural markets, our experiences that encompass the whole lifecycle of distributed PV projects and our trusted brand and reputation, we are well positioned to achieve win-win cooperation with third-party PV projects. We entered into construction services agreements with certain electricity companies in September 2023, pursuant to which we agreed to develop PV projects in Liaoning Province and Tianjin with an expected installed capacity of 80 MW and a total contract value of approximately RMB260 million.

In July 2023, we entered into a green loan agreement with the Asian Infrastructure Investment Bank, pursuant to which we were granted a loan with a principal amount equivalent to US$50 million upon meeting certain conditions to fund our rural clean energy services.

Technology plays a critical role in our rural clean energy services. We use proprietary software system that cover the full lifecycle of the PV projects from customer acquisition, inspection for suitability, project design, internal safety review, construction, inspection and acceptance of completion and ultimately, grid connection to power grid companies. Beginning from the first contact with potential customers, our customer management system records basic information, follow-up communications and executed contracts to facilitate effective customer acquisition and management. After initiation of PV projects, we digitalize the whole construction process, tracking daily progresses on our system to reduce the risks of construction delay. After completion, our proprietary maintenance system shows the connectivity and operation status of the PV modules on a real-time basis so that we can be promptly notified of any issues of the PV modules, identify places of malfunction and take actions in a timely manner. The system also tracks daily electricity generation capacity, solar radiation intensity, full load hours and carbon reduction of each PV module. With such operational data, our system keeps us informed of the operating efficiency and environmental impact, enables us to keep optimizing our maintenance plans and lays ground for future improvement and expansion. Such smart software system standardizes the construction and maintenance of PV projects, enabling us to effectively manage the rural PV modules and serving as a solid technology foundation for scaling up our business.

As household distributed PV projects generally have an operating lifespan of over 20 years, we expect the demand for development, construction and maintenance services will continue to increase with the growth of rural clean energy market. In addition, because household distributed PV modules are generally dispersed and relatively small in scale, many companies are unable to effectively manage their rural PV projects. These companies call for cooperation with those who can offer efficient, intelligent, and data-driven maintenance services. Backed by our strong proprietary maintenance system, we are at an advantageous position in expanding our operation and maintenance services and enhancing our competitiveness.

OUR TECHNOLOGY

Technology is key to our success and underpins our platform. We have established a robust and efficient digital platform for our customers and built up technological capabilities to empower our operations. Through adopting advanced technologies, we build customer trust, offer valuable products and services, manage risks and constantly create value for customers on our platform. Our technology powers digital mentors to deliver guidance to local operation teams in real time through our proprietary marketing system, which effectively enhances their skills.

Our core technologies include AI, big data analytics capabilities, agricultural technology and technology infrastructure. These technologies are the foundation of all of our businesses, which enable us to serve millions of customers and further diversify our operations securely and efficiently.

We are committed to empowering our business with technologies. The comprehensive products and services offered on our *Xiangzhu (鄉助)* platform is enabled by our technology infrastructure, AI and big data analytics capabilities. For our rural inclusive credit services, we use AI technologies and big data analytics capabilities to improve the efficiency and risk management capabilities. For our agricultural production services, we are able to scale up our agricultural inputs and equipment business backed by Internet infrastructure and AI-powered system for supply chain management. We empower our agricultural knowledge-sharing services with AI technologies, enabling customer to effectively identify, control and prevent pests and diseases. We also digitalize the process of farming technology management services, enabling our local operation teams to effectively manage and track their work progress on the *Xiangxin (鄉信)* system. For our rural consumer goods and services, we use the technology infrastructure to build our *Little Whale (小鯨向海)* platform, where we provide insurance specialists with AI-powered smart customer tools such as customized insurance products analysis, to better fulfill a wide range of customer demands. For our rural clean energy services, we use proprietary software system for whole-life project management of our PV projects, enabling us to keep track of construction and maintenance and quickly take actions upon identifying any issues. See "—Our Services" for further details on how technology empowers our business.

AI

We have been investing in AI, with a focus on machine learning, image recognition, natural language processing and foundation model, among others. We integrate AI technology with various business processes to develop effective tools that allow us to continuously increase the value we bring to participants on our platform and improve our operating efficiency. Our key AI applications include:

- *Marketing:* We apply foundation model, which enables our employees to engage in interactive dialogues with AI and its embedded massive corporate knowledge, in our proprietary marketing simulation system where local operation teams can effectively horn their skills with guidance from virtual instructors at any time. We also adopt a customer relationship management (CRM) system that enables our local operation teams to communicate and maintain long-term relationship with potential and existing customers over social media and to label them based on their willingness to purchase our products and services so as to arrange targeted and precise follow-ups.

- *Operational efficiency:* Our AI-driven image recognition system can identify key information from a wide range of documents such as ID cards, contracts, bank statements and pictures. After identification, our system analyzes such information through algorithms and modeling technologies to empower various aspects of our businesses, such as identity authentication, verification of transaction authenticity, credit applications review and credit amount determination.

- *Expert decisioning:* We train AI technology to recognize information, learn rules and assist our employees in loan-granting processes. We have applied advanced expert decisioning technology in modules, including intelligent fast loan reviewing, automatic loan amount determination and anti-fraud, to enhance our efficiency and reduce our cost. In particular, we utilize AI to develop a risk control model to identify potential credit risks beforehand, enabling local operation teams to adjust loan strategies and achieve better risk control results.

- *Pests and diseases control*: We train an AI-powered pest and disease identification system, including image recognition technologies, identification models as well as a picture and knowledge database, to help our employees and partner experts better advise our customers in pests and diseases identification and relevant control and preventive measures. We keep optimizing our image recognition model through deep learning.

- *Products and User Experience:* We integrate our knowledge graph into the leading foundation model and optimize training models for our rural inclusive credit services, agricultural production, insurance and internal management. Specifically, we launch a series of digital tools that enhance user-product interaction experience, which optimize customers' experience in using our platform and enable our employees to grow expertise and horn skills, such as an integrated training and assessment system for our rural inclusive credit services, agricultural technology learning system, intelligent insurance consultant, and smart secretary for daily work. Our continuous investments in and development of foundation model optimize learning experience for our employees, improve their operational efficiency and enable them to capture the benefits of cutting-edge technologies.

- *Customer service:* We develop databases that contain professional knowledge across different business sectors such as rural inclusive credit services, agricultural production technology and insurance. Supported by our natural language models, we enable our local operation teams to quickly search the knowledge they need from such databases and address customer request in a timely manner.

Big Data Analytics

We have invested significantly to ensure the system can process data in an efficient way and developed proprietary algorithms to effectively support our business decisions. Powered by our big data capabilities, our Super Brain helps process data verifications, which saves thousands of hours in manual processing time. Based on real-time data feedback, our intelligent tech stack promptly adjusts product design and marketing strategies based on changes in customer preferences, resulting in improved business efficiency. During the Track Record Period, our Super Brain synthesized 3,800 data and information feedbacks from local operation teams and generated 6,700 rapid iterations of products and strategies.

We improve our data service capability through our continuous endeavor in research and development. In 2018, our enhanced risk control systems became operational and realized online user registration, credit assessment and loan approval. Our credit assessment system utilizes an array of analytical techniques and model outputs from traditional multivariate regression to machine learning. The integration of big data decision-making models, customer knowledge graphics, third-party data mining and anti-fraud identity verification technologies and AI allows us to comprehensively consolidate and analyze applicants' information sourced from our credit database and data relevant to risk assessment supplied by compliant third parties, and enables us to achieve a broader customer coverage, a more comprehensive risk management methods and a higher loan review and approval efficiency. Furthermore, the data we collected from our daily operations allows us to improve our algorithms performance in an uninterrupted way. Based on our accumulated customer insights, we keep optimizing our algorithms and enhancing our operational efficiency and risk assessment capabilities. We have also developed anti-fraud measures based on our dynamic risk management systems and technologies to better identify suspicious behavior patterns and improve our risk control capabilities.

We have accumulated operating data that contain attributes of consumers and merchants on our platform from our operations. Leveraging our big data analytics capabilities, our customer relationship management system analyzes and labels consumers based on their respective traits, enabling local operation teams to conduct timely follow-ups and manage customer relationships effectively. By analyzing such data, we also generate accurate profiles for our customers, which enable us to develop and enhance our decision-making systems, risk detection system and scenario-based insurance products, and design tailored services for our customers.

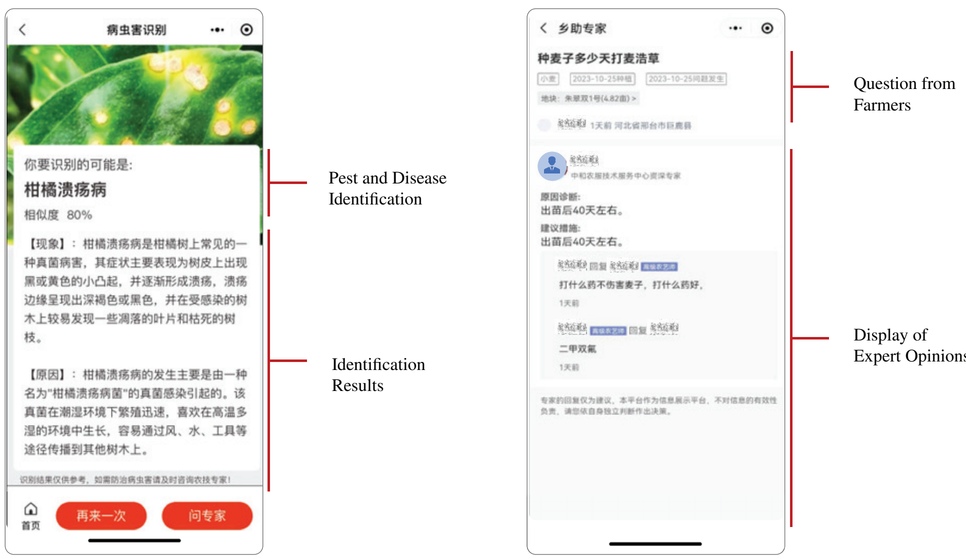
Agricultural Technology

In response to the pain points in China's agricultural market, such as scattered agricultural resources as well as a lack of scientific guidance on agricultural production, we have developed our agricultural production services to empower rural residents through agricultural technology. Leveraging our proprietary *Xiangxin (鄉信)* system that connects experts, local operation teams, village-level partners and customers, we provide professional, high-quality and convenient services.

Our *Xiangxin (鄉信)* system enables agricultural services that encompass the entire life cycle of crop and livestock production. Before crop and livestock production, we establish digital profiles for each customer. Our village-level partners upload basic information such as size, shape, information of crop and livestock and historical yields of the lands of our customers into *Xiangxin (鄉信)* system. During crop and livestock production process, based on customers' digital profiles, our *Xiangxin (鄉信)* system automatically generates growing models of plants/livestock and agricultural solutions such as choices of fertilizers, feed or pesticides to be used at different growth stages. For example, leveraging our big data capabilities, we establish "livestock growing model" which generates respective choices of feed and disease prevention measures tailored to different growing stages based on the characteristics of livestock. In addition, our *Xiangxin (鄉信)* system sends periodic in-app messages to remind our village-level partners of critical stages of agricultural production and their outstanding services assignments, such as field inspection, farm work, application of agricultural equipment and replenishment of feed which enables them to effectively track and manage their work progress. Our IoT technologies also enable our customers and village-level partners to track growing stages at any places and be prepared in cases of extreme weathers. Leveraging our remote sensing technologies, we monitor corps in large scale and generate growing stages analysis, historical and regional comparison, alerts and expected yields, which helps our customers take measures timely in cases of pests and diseases and estimate yields more accurately.

We utilize image recognition technology, knowledge graph, database and AI-based smart consultants to diagnose issues, answer questions, and provide scientific guidance to our local operation teams and partner experts during crop and livestock production. Our experts, including external experts we cooperate with, actively answering questions through our *Xiangxin (鄉信)* system. As pictures can be uploaded along with questions, our experts can better identify and provide solutions to pests, diseases or other agricultural difficulties.

The screenshots below illustrate the features of our *Xiangxin (鄉信)* platform:



From our services to customers and cooperation with external experts, our *Xiangxin (鄉信)* system have accumulated massive user feedback. Based on such data and our accumulated experience, we will keep investing in the research and development of agricultural technology, improving our technological capabilities at various agricultural stages, better fulfilling the needs of agricultural value chain and ultimately achieving scalable growth.

Technology Infrastructure

We have built robust technological infrastructure that encompasses cloud-native deployment, microservices architecture, DevOps workflows, and a technological risk system. This infrastructure achieves financial-grade security that supports the transaction needs of our large-scale and diverse businesses as well as future development. In addition, we have adopted and enhanced a series of mainstream middleware technologies to build a highly reliable distributed architecture with strong performance, which was validated by large-scale marketing activities and simulated fault drills. This distributed architecture breaks the bottleneck of physical data centers, enabling same-city active-active disaster recovery and remote disaster recovery capabilities. It also decouples microservices from infrastructure using cloud-native and containerization technologies, significantly improving the efficiency of our research and development.

Our technology infrastructure enables us to provide fast and seamless digital experience that meets our customers' expectations. For example, we have improved user experience in weak network environment, enhancing our customer acquisition efficiency, especially in remote rural areas. In addition, based on this infrastructure, we developed data platform and intelligent analytics engine. The data platform and intelligent analytics engine together support our local operation teams with a suite of purpose-built digital tools, including anti-fraud analysis, pattern recognition, relation network, intelligent analysis and decision aids, in handling loan applications and delivering agricultural production services and rural consumer goods and services to our customers in an efficient manner. We have also built a series of middle platform systems that provide standardized management and customized performance assessments systems for our headquarters and branches across the country in aspects of human resources, compensation, finance and customer relationship management, among others.

RESEARCH AND DEVELOPMENT

Our research and development efforts primarily focus on improving the user experience of our online platform and existing products and services, designing new products and services for our customers, and optimizing and enhancing our technological capabilities and technology infrastructure. We incurred RMB67.7 million, RMB84.3 million, RMB63.5 million and RMB77.4 million of research and development expenses in the years ended December 31, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, accounting for 3.0%, 3.5%, 3.4% and 3.4% of our revenue during the same periods, respectively. During the Track Record Period, we incurred total research and development expenses of RMB229.4 million, which accounted for a higher percentage of total revenue relative to our peers.

Our talented research and development team, robust cloud-based technology infrastructure, and multiple core technologies enable us to continuously introduce new innovations. As of September 30, 2023, our research and development team consisted of 227 members, including engineers and specialists of our technology team and product development team. Our technology team includes AI and big data engineers that maintain our database and develop our data technology, security and risk management engineers that focus on cybersecurity and risk control, infrastructure maintenance engineers that maintain the stability of our platform, as well as platform development engineers that develop and implement solutions on our platform. Our product development team includes engineers dedicated to designing and developing the features of our website, mobile application and mini-programs. Our core technologies, such as infrastructure, AI and big data, are developed and maintained by our research and development team. See "—Our Technology" for further details.

DATA PRIVACY PROTECTION AND COMPLIANCE

We are committed to complying with data privacy laws and protecting the security of user data. We have adopted and implemented a strict internal control system focusing on data security and personal information protection. We have fulfilled cybersecurity multi-level protection scheme filing obligations in accordance with applicable laws for information systems used in our principal businesses. We mainly collect and store data relating to users' basic profiling and behavior. Such information is collected with prior consent from our users or is collected based on other lawful bases in accordance with applicable laws and regulations. We store all of our data in third-party data centers in PRC in accordance with applicable laws and regulations.

Our data usage and privacy policy, which is provided to every user of our mobile apps and mini-programs, describes data usage and privacy protection practices on our platform. Specifically, users are required to acknowledge the terms and conditions of the privacy policies before using our products or services, and we provide users with prior notice as to what data are being collected and undertake to manage and use the data collected from users only for purpose of our products and services. In addition, we are committed to managing and using the data collected from users in accordance with our data privacy policies and applicable laws and making reasonable efforts to prevent the unauthorized use, loss, or leakage of user data and will not disclose sensitive user data to any third party without users' consent except pursuant to requirements under applicable laws or regulations. We strictly limit and monitor employee access to user data and deploy data loss prevention system to prevent leakage or unauthorized use of data. We provide periodical data privacy training to authorized employees and require them to sign a data privacy confidential undertaking. We have a team of data security professionals dedicated to the ongoing review and monitoring of data security practices.

Meanwhile, we use a variety of technologies to protect the data we process, and our credit management system has obtained cybersecurity multi-level protection scheme level III filing. We use various encryption technologies to protect the transmission and storage of personal information. We use vulnerability detecting system, engage third-party cybersecurity companies to conduct system protection assessment and penetration tests, and invite external audit experts to examine, test and identify weaknesses in our system and evaluate its security. Whenever an issue is discovered, we take prompt actions to assess the impact of data loss and leakage, upgrade our system based on our assessment and use our best efforts to mitigate potential problems that may undermine the security of our system.

We are subject to various laws and regulations relating to data protection and privacy, and the collection and use of personal and behavioral data in China and the other jurisdictions in which we operate. For the details, see "Regulatory Overview—Regulations Relating to Data and Privacy Protection." We believe our policies and practices with respect to data privacy and security are in compliance with applicable laws and with prevalent industry practices. During the Track Record Period and up to the Latest Practicable Date, we have not received any claim from any third party against us on the ground of infringement of such party's right to data protection as provided by the PRC Civil Code Law or any applicable laws and regulations in the PRC. Our PRC Legal Advisors are of the view that we are in compliance with the applicable PRC laws and regulations relating to the collection, use, disclosure or security of personal information in all material respects. During the Track Record Period, we did not have any material incidents of data leakage.

CUSTOMER SERVICES

We persist in actively improving the quality of our products and services, strive to deliver our services based on customers' needs, and place a high emphasis on customers' interest. We engage customer service specialists to handle all kinds of user queries and complaints regarding our products and services. We continuously optimize our internal governance systems, particularly the customer protection system, based on international standards. Our multi-dimensional customer protection system covers all aspects of our products and services offerings, including product design, pricing, transparency, over-indebtedness prevention, fair treatment, data privacy protection, and complaint mechanism. According to a customer survey by Frost & Sullivan, 91.5% of rural customers were satisfied or very satisfied with our service level. We require our customer service specialists to respond promptly to each and every customer complaint. Furthermore, we have applied strict requirements and management measures in selecting manufacturers to make sure our customer receive products and services with guaranteed quality. During the Track Record Period, we did not receive any material complaints from customers.

CUSTOMERS

While small-scale farmers and small rural business owners constitute a majority of our customers, our customers also include partner banks, insurance companies, and manufacturers and merchants of agricultural inputs and equipment as well as green durables and other consumer goods under platform model, among others.

In 2021, 2022 and the nine months ended September 30, 2023, revenues from our top five customers accounted for 20.6%, 21.0% and 23.6% of our total revenues for the respective periods, and revenues from our largest customer accounted for 12.4%, 8.0% and 11.7% of our total revenues for the respective periods. During the Track Record Period, we were not subject to any material customer concentration risks.

To the best of our knowledge, during the Track Record Period, all of our five largest customers were independent third parties of the Group, and none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest customers during the Track Record Period that is required to be disclosed under the Listing Rules.

The table below sets out the details of our top five customers during the Track Record Period:

For the year ended December 31, 2021

Rank	Customer	Revenue amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Principal business	Offerings/ products provided by us
1	Customer A	276,537	12.4	2019	General commercial banking services	Loan platform, customer referral and post-loan management
2	Customer B	54,672	2.5	2018	General commercial banking services	Loan platform, customer referral and post-loan management
3	Customer C	51,167	2.3	2021	Insurance services	Insurance agency
4	Customer D	50,064	2.3	2020	General commercial banking services	Loan platform, customer referral and post-loan management
5	Customer E	25,288	1.1	2020	General commercial banking services	Loan platform, customer referral and post-loan management

For the year ended December 31, 2022

Rank	Customer	Revenue amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Principal business	Offerings/ products provided by us
1	Customer A	193,698	8.0	2019	General commercial banking services	Loan platform, customer referral and post-loan management
2	Customer D	191,961	7.9	2020	General commercial banking services	Loan platform, customer referral and post-loan management
3	Customer C	58,295	2.4	2021	Insurance services	Insurance agency
4	Customer F	42,215	1.7	2020	General commercial banking services	Loan platform, customer referral and post-loan management
5	Customer E	24,085	1.0	2020	General commercial banking services	Loan platform, customer referral and post-loan management

For the nine months ended September 30, 2023

Rank	Customer	Revenue amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Principal business	Offerings/ products provided by us
1	Customer A	264,992	11.7	2019	General commercial banking services	Loan platform, customer referral and post-loan management
2	Customer D	131,635	5.8	2020	General commercial banking services	Loan platform, customer referral and post-loan management
3	Customer G	51,700	2.3	2022	General commercial banking services	Loan platform, customer referral and post-loan management
4	Customer H	45,661	2.0	2022	Feed development and livestock production	Agricultural products
5	Customer F	41,108	1.8	2020	General commercial banking services	Loan platform, customer referral and post-loan management

Material Terms of Our Cooperative Agreement with Partner Banks

The cooperative agreements we entered into with our partner banks generally include the following principal terms:

- *Duration*: One to three years, automatically renewable or upon mutual agreement.

- *Service fee*: For some of our arrangements with partner banks, we charge a fixed-rate and non-refundable base service fee for referral services and an excess service fee for the credit performance of the loans referred. For others, we only charge a fixed-rate service fee.

- *Credit product requirements and borrower requirements*: Our cooperative agreements with partner banks also set out several requirements on the credit products and borrowers, including the age range of borrowers, the use of loan proceeds, the cumulative credit line for a single borrower, the credit line for a single application and repayment arrangements.

SUPPLIERS

Our top suppliers are primarily agricultural inputs and equipment suppliers and marketing service providers. In 2021, 2022 and the nine months ended September 30, 2023, purchases from our largest five suppliers in aggregate accounted for 54.9%, 60.1% and 43.0% of our total purchases for the respective periods, and purchases from our largest supplier accounted for 18.3%, 19.1% and 17.0% of our total purchases for the respective periods.

To the best of our knowledge, all of our five largest suppliers are independent third parties of the Group during the Track Record Period, and none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest suppliers during the Track Record Period that is required to be disclosed under the Listing Rules.

We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, or disruption to our business as a result of any significant shortages or delays in providing related products or services.

The table below sets out the details of our top five suppliers during the Track Record Period:

For the year ended December 31, 2021

Rank	Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase (%)	Year of commencement of business relationship with us	Principal business	Goods/ services provides to us
1	Supplier A	89,612	18.3	2019	Manufacture and sale of fertilizers	Fertilizers
2	Supplier B	57,449	11.8	2020	Research and development of fertilizers as well as technology services	Fertilizers
3	Supplier C	44,347	9.1	2021	Professional agency services and Internet information services	Promotional services
4	Supplier D	41,164	8.4	2020	Manufacture and sale of fertilizers	Fertilizers
5	Supplier E	35,470	7.3	2020	Manufacture and sale of feed	Feed

For the year ended December 31, 2022

Rank	Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase (%)	Year of commencement of business relationship with us	Principal business	Goods/ services provided to us
1	Supplier A	98,595	19.1	2019	Manufacture and sale of fertilizers	Fertilizers
2	Supplier C	92,530	17.9	2021	Professional agency services and Internet information services	Promotional services
3	Supplier D	52,260	10.1	2020	Manufacture and sale of fertilizers	Fertilizers
4	Supplier F	34,476	6.7	2020	Manufacture and sale of fertilizers	Fertilizers
5	Supplier G	32,557	6.3	2020	Manufacture and sale of fertilizers	Fertilizers

For the nine months ended September 30, 2023

Rank	Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase (%)	Year of commencement of business relationship with us	Principal business	Goods/ services provided to us
1	Supplier C	115,987	17.0	2021	Professional agency services and Internet information services	Promotional services
2	Supplier H	52,192	7.6	2022	Feed development and livestock production	Feed
3	Supplier B	50,370	7.4	2020	Research and development of fertilizers as well as technology services	Fertilizers
4	Supplier I	38,430	5.6	2022	Manufacture and sale of fertilizers	Fertilizers
5	Supplier A	37,003	5.4	2019	Manufacture and sale of fertilizers	Fertilizers

Material Terms of Our Procurement Agreement

Our procurement agreements with suppliers of agricultural inputs typically include the following material terms.

- *Duration*: Typically one year and renewable on an annual basis.

- *Quality requirement*: We require the products to satisfy all relevant national and industry standards as well as our internal standard laid out in the agreement. The suppliers generally shall compensate us in the event of breach.

- *Transportation*: We are generally responsible for the transportation.

- *Product returns:* The suppliers are generally liable for any product defect and responsible for the return of exchange of merchandise which are proven to be defective.

- *Settlement*: We generally make full payments before the orders are shipped from our suppliers.

OVERLAP BETWEEN MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, one of our major customer, Customer H, is also our major supplier, Supplier H. The principal business of this company is feed development and livestock production. During the Track Record Period, as part of our agricultural production services, we sell agricultural products, such as corn, to this company as raw materials for its feed production. In addition, we purchase feed from this company and sell to customers for livestock production. We believe such arrangements are fair, reasonable, on normal commercial terms and determined on an arm's length basis. In 2021, 2022 and the nine months ended September 30, 2023, the revenue generated from this company represented nil, nil and 2.0% of our total revenue, respectively, and the purchase amount attributable to this company represented approximately nil, nil and 7.6%, respectively, of our total purchases for the corresponding periods.

COMPETITION

The rural market we operate in is fragmented and largely underserved. We may face competition in each of our business lines. In terms of our rural inclusive credit services, our potential competitors include traditional financial institutions, such as commercial banks and rural credit cooperatives and non-traditional financial institutions, such as microcredit companies and Internet finance platforms. In terms of our agricultural production services, we may compete with online e-commerce platforms, brick-and-mortar vendors, local chain outlets and outlets of manufacturers. We may compete with online e-commerce platforms and brick-and-mortar vendors in offering green consumer durables and other goods and may compete with commercial banks, insurance intermediary companies and other insurance distribution channels in our digital insurance distribution services. In terms of our rural clean energy services, our potential competitors include new energy companies and large electric power companies that run PV projects.

Despite potential competition, we have maintained a leading market position among non-traditional financial institutions in China's rural inclusive credit market. We are the largest non-traditional financial institution targeting China's rural market in terms of total loan balance as of December 31, 2022, according to the Frost & Sullivan Report. We are also the largest e-commerce platform for agricultural inputs and equipment targeting China's rural market, in terms of GMV in 2022, according to the same source. We believe that our brand reputation, our operational excellence and our large customer base differentiate us from our competitors. The key success factors of our businesses include the scale and quality of our local service network as well as our technology-enabled service excellence, our technology and risk management capabilities, and the depth and breadth of the services we offer. We believe we are able to compete effectively against our competitors based on the above factors. However, some of our existing and potential competitors may have greater financial, technical and marketing resources than we do. For risks relating to our competitiveness in the industry, please see "Risk Factors—Risks Relating to Our Business and Industry—We face intense competition in rural inclusive credit industry, agricultural production service industry, rural consumer goods and services industry and rural clean energy industry, if we do not compete effectively, our results of operations could be harmed."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

Our business originated from a cooperative pilot project established by the State Council and the World Bank in 1996, which aimed to alleviate poverty in China through various means including microcredit. From the very beginning, we are a company with strong social responsibility and have been committed to environmental, social and governance ("**ESG**") and corporate social responsibility ("**CSR**") objectives. We integrate ESG and CSR concepts into every aspect of our business and corporate governance, aligning our own growth mission and vision with the national strategy for "rural revitalization", the carbon peak and carbon neutrality goals, and the United Nations Sustainable Development Goals. To promote sustainable development of agriculture, rural communities and farmers as well as environmental protection initiatives such as energy conservation and emissions reduction, we adopt strategies catered to rural culture and customers and offer diversified services to empower rural residents such as credit services, agricultural inputs and equipment, green durables, agricultural knowledge-sharing and agricultural technology supporting. Thereby we promote scientific agricultural production, improve the living qualities of the traditionally underserved rural residents and add value to overall social and economic benefits.

Environmental Protection and Carbon Neutrality

We actively support China's national goal in cutting carbon emissions in each and every aspect of our business:

- Rural inclusive credit services: We evaluate and impose limits against lending to businesses which have material adverse impact on climate and environment. This is achieved through establishing an exclusion list, implementing compliance investigation policies, and incorporating keyword screening in relation to loan purpose and assessment module into our credit assessment system. We incorporate rural inclusive credit services into agricultural production and rural consumer goods and services, offering credit solutions for purchasing energy-saving appliances and quality agricultural inputs.

- Agricultural production services: In crop and livestock production, we strongly support the development of green agriculture with our omni-channel model that fully integrates online and offline operations. We share advanced agricultural knowledge and technologies with farmers via mobile apps and quickly identify and provide consultation services on issues they encounter in agricultural production with image recognition and big data technologies. In addition, our agricultural experts regularly visit the regions where we operate and provide farmers with on-site guidance. We enable farmers to properly apply organic fertilizers and soil conditioners while reducing the use of chemical fertilizers, which enhances soil conditions, improves yields and promotes a more eco-friendly agriculture in China. According to our experimental results in test fields, our green agricultural technologies can increase the yields by 7% while reducing the use of chemical fertilizers. In addition, we implement and continuously upgrade pests and disease control plans based on our analysis of historical information of weather, pests and diseases, enabling farmers to take precautionary measures instead of the traditional way of after-the-fact handling, which effectively reduces the use of pesticides. In response to climate change, we also alert farmers of extreme weather and provide relevant guidance, helping them to take proper agricultural management measures and reduce losses. We provide end-to-end agricultural technology management services to promote the modernization and sustainable development of agricultural production. We offer solutions such as centralized management of dispersed farmland, automation technologies that alleviate farmers' dependence on manual labor and other advanced agricultural technologies to enhance sustainable productivity.

- Rural consumer goods and services: We have established our online direct sales business and online marketplace with an emphasis on providing green consumer durables in China's rural areas. We help China's rural areas to adopt products with greater energy efficiency, utilize clean technology and/or clean energy, such as electric vehicle and air-source heat pump, reducing carbon footprint and mitigating climate-related risks. Historically, rural residents primarily used coal-fired power system, which had low efficiency accompanied with a large amount of air pollutant. While government has encouraged the usage of clean energy, it is hard to implement in some areas due to local economic condition and lack of distribution channels. Cooperating with clean energy companies, we have brought air-source heat pumps to vast rural households through our consumer retail services with our credit solutions, improving both the living quality of rural residents and local environment condition. As of December 31, 2023, we helped over 1,700 rural households complete the installation of air-source heat pumps, which would help reduce approximately 7,700 tons of carbon emissions each year.

- Rural clean energy services: Since 2022, we have facilitated the usage of clean energy through generating electricity by PV modules. As of September 30, 2023, our installed capacity had reached 8.9 MW, which reduced over 6,200 tons of carbon emissions, while simultaneously increasing the annual income of rural residents. See "Our Services—Rural Clean Energy Services" for details.

In our daily operations, we track our carbon footprint regularly as well as launch green education initiatives to reduce our carbon emissions. We conduct our operation primarily in a paperless manner, enable video conferences and promote the use of energy-saving lights and appliances. We organize green volunteer activities in rural areas such as picking up trash, planting trees and conducting environmental protection advocacy to improve local environment and people's awareness of environmental protection.

Social Responsibility

Social responsibility is embedded in our DNA. Since our founding, we have operated with a view to benefiting rural society. We focus on serving underdeveloped regions which do not enjoy sufficient local services. With a focus on both economic benefits and social welfare, we promote our business along with the development of the rural market in China:

- Rural inclusive credit services: Lack of sufficient credit support has been a pain point widely faced by rural customers. Our rural inclusive credit services address the immediate credit demand of our customers for production and operation purposes, helping the traditionally underserved population obtain the credit solutions they need and supporting small-scale farmers in developing production and increasing income. As of September 30, 2023, among customers who obtained loans through our platform, 90.2% were small-scale farmers, 70.3% have a education level of middle school or below and 20.2% were ethnic minorities; as of the same date, the Female Participation Rate of our rural inclusive credit services was 69.1%. The average age of our customers, including principal borrowers and their co-borrowers, was 40.9 years old. Empowering local operation teams with advanced digital technologies, we are able to reach more rural customers, make our products and services easier to use and optimize users experience. We support the development of small rural business owners with credit solutions. As of the same date, a total of approximately 106,000 sole proprietorships obtained credits through our platform. In addition, we educate our customers with financial knowledge, including introduction of different credit solutions, anti-fraud and personal information protection, among others, and get them familiar with the functions of digital products and tools and better capture the benefits of digital economy.

- Agricultural production services: We stay close to the production needs of rural customers. Based on local environment as well as the distinct growth features and stages of crops and livestock, we cooperate with reputable manufacturers to provide rural customers with high-quality and value-for-money agricultural inputs with scientific composition and equipment to lower their production cost and enhance productivity. Moreover, in the course of offering high-quality agricultural inputs and equipment, we further develop technology management model and standardized service solution, and through leveraging our rich agricultural technology resources, provide online training sessions, image recognition tools which helps our employees to identify issues through AI technologies, and in-person expert services to help customers solve issues during the production process. As of September 30, 2023, we organized over 500 agricultural technology lectures with over 13,000 attendances. As of the same date, we solved over 10,000 agricultural technological inquiries under the questions and answers section on our *Xiangzhu (鄉助)* app. We actively promote green agricultural production, mitigating the excessive usage of fertilizers and pesticides. Meanwhile, we also explore and strengthen agricultural products sales channels for rural customers to give our customers access to the market after harvest.

- Rural consumer goods and services: Leveraging our platform and service capability, we offer rural customers with value-for-money consumer goods and durables. Through our omni-channel model that fully integrates online and offline operations, we build the bridge between rural customers and suppliers and provide the rural market with diversified consumption channels, products with assured quality and more eco-friendly consumption options, improving the life quality in rural areas and the wellbeing of rural residents. We increase the affordability of green durables such as new energy vehicles and air-source heat pumps by offering credit solutions. As of September 30, 2023, approximately 64.5% of customers who purchased green durables on our platform used our credit solutions. In addition, with years of experiences in serving rural market and equipped by our big data and AI technologies, we endeavor to select and promote insurance products that are suitable for rural customers through our digital insurance distribution services, improve rural customers' insurance awareness, and offer assistances to rural customers in receiving reasonable compensation from insurance claims. For example, we hold in-person seminars to help our customers better understand insurance products and choose suitable ones. During the Track Record Period, we had distributed insurance products to a total of 1.6 million customers. We are committed to making insurance services inclusive and caring. Cooperating with several insurance companies, we established an insurance charity fund "Protection and Caring of Rural Communities" ("守護鄉愛") to mitigate the economic and mental pressure of rural customers when they are unable to receive reimbursement due to exclusion clauses, such as failure to meet insurance deductibles due to poverty.

- Rural clean energy services: Through partnering with rural residents, our rural clean energy services help increase their income level without any upfront investment on their own. See "—Our Services—Rural Clean Energy Services." Our installed PV capacity reached 8.9 MW as of September 30, 2023, which is estimated to help rural households increase revenue by an average of approximately RMB2,500 per year. In addition, by engaging local contractors for engineering and construction services, we have improved local employment opportunities.

With the idea of "to teach someone how to fish is better than to just give him a fish", we are committed to empowering our customers through business and operation trainings. In addition to integrating financial and agricultural technology education into our daily operations, we cooperate with an integrated energy company, and introduce small- and micro-enterprise development programs for four consecutive years, which contain comprehensive and systematic management trainings, to 122 small rural business owners as of September 30, 2023. These programs feature 159 online training sessions totaling 238.5 hours and offline training and tutoring totaling 228 hours. In addition, we encourage rural residents to join as village-level partners, which enables them to earn additional income while enhancing our connection with rural communities. Furthermore, in 2022, we initiated a rural entrepreneurial empowerment project, which provides trainings on village governance, talent development, and business expansion to improve rural residents' earning abilities and facilitate the development of local industries. As of September 30, 2023, our project had covered over 80,000 rural residents.

We actively make contribution to charitable activities and social welfare. In 2010, we cooperated with CFRD to found Chongho Charitable Initiative, which strives to support our customers and residents covered by our local service networks with charitable aid. Chongho Charitable Initiative receives donation from our employees, business partners and customers. In some cases, we make corresponding donation in an amount equal to our employee's donation to Chongho Charitable Initiative. We provide insights to the disbursement of aid under Chongho Charitable Initiative based on our profound understanding of the needs of rural residents and decades of trust cultivation in the rural market. Since the beginning of 2017 and up to December 31, 2023, Chongho Charitable Initiative had offered aids in an amount of RMB3.6 million to over 2,000 individuals. In 2022, we initiated a charity initiative with our partner insurance companies, which provides charitable subsidies to certain of our insurance customers in the event they encounter difficulties and accidents that are not claimable under their insurance policies. Please see "—Rural Consumer Goods and Services—Digital Insurance Distribution Services". Meanwhile, we established Chongho Rural Development Promotion Center to manage our charitable activities.

We strive to provide employees with comprehensive social benefits, a wide range of career development opportunities and safeguard employee rights. We promote a diverse and inclusive work environment with clear anti-discrimination and anti-harassment principles, strictly forbidding any form of unfair treatment due to factors including, gender, ethnicity and age. The majority of our employees are recruited from local rural communities. As of September 30, 2023, 34.7% of our employees were over 40 years old, 48.6% were female and 12.3% were ethnic minorities. As of the same date, the average age of our employees was 38 years old and over 6,400 of them came from local rural communities. In addition, we offer fair and clear career development path and promotion track for all of our employees, and provide various training opportunities to enhance our employees' capabilities, including tailored know-how training designed for different positions. During the nine months ended September 30, 2023, we organized over 1,800 in-person training sessions with 46,000 learning hours and 91,000 attendances. As of September 30, 2023, we offered 546 online courses to our employees. We also held 295 livestream courses in more than 500 hours and 400,000 views. We regularly conduct anonymous employment satisfaction surveys to all employees and promptly optimize management approach based on their feedback. In 2023, the response rate was 91.3%, with an overall satisfaction rate of 89.8%. Our efforts to create a positive work environment have effectively increased employee stickiness. As of September 30, 2023, our core employees have an average tenure of 7.2 years. In the nine months ended September 30, 2023, the turnover rate of our core employees was 3.1%.

We took a proactive role to protect our employees and customers during the COVID-19 pandemic from 2020 to 2022. We strengthened sanitation management, provided medical supplies and enabled employees to work from home to protect their health and safety. We also adjusted repayment schedule for customers suffering difficulties as a result of the COVID-19 pandemic to mitigate their economic and mental pressure. Despite the shortages in supply chain capacity during the COVID-19 pandemic, we continuously provided fertilizer at affordable prices to rural communities, which was essential to the spring ploughing. We actively promoted the agricultural products of our customers when the pandemic disrupted their sales. In addition, we coordinated vegetable sources and vehicles to ensure the vegetable supply in urban areas. We actively participated in charity and volunteer activities. Amid the pandemic crisis, our Chongho Charitable Initiative responded quickly to funding approval requests, which enabled fast approval and disbursement of funds of RMB1.85 million to people in need, including rural households that suffered economic losses due to the pandemic.

Corporate Governance and ESG Policies

As a mission-driven institution, our Directors believe that the establishment and implementation of the ESG management system based on principles of sustainable development is critical to our business and will increase the value of our Group and provide long-term returns to our stakeholders. We have established a set of policies on ESG ("**ESG Policies**") based on international standards, which provide guidance on implementing ESG values in our daily operations, and establish a system to formulate, execute and oversee the implementation of our ESG Policies. Our shareholders include several internationally renowned investment funds, who share their own standards and expertise with us and help enhance our operational and management capabilities. We believe the diversity of our Board, senior management and employees contributes to our successful implementation of the ESG policies. Pursuant to our ESG Policies, our Board undertakes its duty of care to manage and ensure that our Company fulfills its social and environmental responsibilities. The ESG Strategy Committee designated by our Board is responsible for the discussion and review of major ESG issues and will assess and address relevant risks. See "Directors and Senior Management". In addition, we have also established an ESG leadership group, comprised of our senior management, to formulate ESG strategies, establish ESG evaluation framework, review ESG report and system, and identify key aspects to be improved with relevant procedures and schedule. To ensure the effective execution of the decisions by the ESG leadership group, we organize an ESG taskforce, comprised of heads of the relevant business and functional departments, to implement ESG measures in our daily operations. We also have an ESG advisory committee, which consists of representatives appointed by our shareholders and external experts, to give us suggestions on ESG-related matters.

Our ESG Policies are formulated on the basis of our business and development goals. To ensure each department incorporates sustainability principles into their operations, we have integrated ESG principles into our performance evaluation system by designing KPIs related to social benefits, risk management, and long-term employee development. We continuously refine our ESG performance management to better reflect our sustainability goals and to drive performance improvement. In addition, we have set a sustainability award to recognize teams that actively participate in philanthropic activities, in order to motivate employees to integrate the philosophy of sustainable development into our corporate culture and daily operations.

We maintain a high standard on business risk and compliance management. We have in place a set of risk management and compliance policies, covering key aspects and procedures of our operation. See "—Risk Management." Integrity is one of our core values, to defend this value, we have formulated and strictly executed anti-corruption measures to prevent our employees from engaging in corruptive activities and rectify inappropriate business practices.

We conduct periodic corruption risk assessment on our branches and organize anti-corruption training for our employees. We have established a strict internal control system that ensures compliance and security through detailed operational procedures and supervision mechanisms. We set risk indicators and employ an intelligent management system for risk monitoring, effectively preventing and mitigating operational risks. Integrity is a key criteria for employee recruitment. We have developed a clear code of conduct for employees, aiming to build an honest and compliant corporate culture, fundamentally strengthening risk management.

We have been and will continue to be highly committed to data and information compliance. We designate our information security committee to manage data operations and supervise the implementation of data protection policies. In addition, we require our technology team to periodically test and upgrade our information system, and conduct information security training for all employees.

We are committed to enhancing our supply chain management system, which includes establishing supplier evaluation standards, conducting dynamic and periodic assessments, and setting up a termination mechanism. We have formulated a code of conduct that specifies our requirements for suppliers in environmental practices, labor conditions, business ethics and other areas, strictly prohibiting violations such as child labor and forced labor. Suppliers that present material compliance or legal operation risks are subject to mandatory termination of cooperation. We will continue to strengthen our policy and implementation methods to keep establishing a sustainable supply chain.

Our commitment and contribution to social responsibility have earned wide recognition. In 2021, our successful rural inclusive credit services have been recognized as Green Development Model Case (*綠色發展服務示範案例*) by the China International Fair For Trade and Services and the Model Case for Carbon Neutrality (*碳中和典型案例*) by the 2nd China Forum on Green Economic Development. In 2022, we were the champion in the sustainable finance category of "Golden-Key – China's Action towards SDG"(*金鑰匙–面向SDG的中國行動*) awarded by the Sustainable Development Tribune (《可持續發展經濟導刊》). In 2023, we were the annual growth case of "Sustainable Consumption and Production" ("可持續的消費與生產"年度成長案例) awarded by APEC China Business Council.

HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We attach great importance to occupational health and safety. We have developed and implemented comprehensive safety procedures and provide regular safety trainings to our employees and village-level partners. We do not believe that we are subject to any significant health, work safety or environmental risks.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance in relation to health, work safety or environmental regulations and have not been involved in any accident, or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognitions for the quality and popularity of our offerings and products. Representative awards and recognitions are set forth below:

Recipient	Award/Recognition	Awarding Institution/Authority	Award Year
Chongho Bridge Group Limited	Top 500 Chinese Agricultural Enterprises (中國農業企業500強)	Farmers' Daily	2023
Chongho Bridge Group Limited	IFF Global Green Finance Innovation Award (IFF全球綠色金融創新獎)	International Finance Forum	2023
Chongho Bridge Group Limited	"2023 G20 Sustainable Finance Report" Case (《2023年G20可持續金融報告》案例)	G20 Sustainable Finance Working Group	2023
Chongho Bridge Group Limited	"Fortune" ESG Excellence Case (《財富》ESG卓越案例)	Fortune (Chinese Edition)	2023
Chongho Bridge Group Limited	Honorable Mention of ESG Pioneer 60 (ESG先鋒60提名)	Shanghai United Media Group	2023
Chongho Bridge Group Limited	The "Golden Key Action" Driving Reformation Excellence Award ("金鑰匙行動" 驅動變革類優勝獎)	Sustainable Development Tribune	2023
Chongho Bridge Group Limited	Annual Charity Role Model (年度慈善榜樣)	Public Welfare Times	2023

Recipient	Award/Recognition	Awarding Institution/Authority	Award Year
Chongho Bridge Group Limited	Beijing Key Leading Enterprise in Agricultural Industrialization (北京農業產業化重點龍頭企業)	Beijing Municipal Bureau of Agriculture and Rural Affairs	2023
Chongho Bridge Group Limited	Annual Growth Case of "Sustainable Consumption and Production" ("可持續的消費與生產"年度成長案例)	APEC China Business Council	2023
Chongho Bridge Group Limited	Annual FinTech Case Award (金融科技年度案例獎)	China Finance Publishing House	2023
Chongho Bridge Group Limited	Top 500 Chinese Agricultural Enterprises (中國農業企業500強)	Farmers' Daily	2022
Chongho Bridge Group Limited	The "Golden Key Action" Sustainable Finance Champion Award ("金鑰匙行動"可持續金融類冠軍獎)	Economic Guide Report on Sustainable Development	2022
Chongho Bridge Group Limited	Top 20 Agricultural Social Services Enterprises (農業社會化服務企業20強)	Farmers' Daily and National Agricultural Enterprises Development Alliance	2022

Recipient	Award/Recognition	Awarding Institution/Authority	Award Year
Chongho Bridge Group Limited	National Typical Institution for Agricultural Socialization Services (全國農業社會化服務典型)	Ministry of Agriculture and Rural Affairs	2022
Chongho Bridge Group Limited	Outstanding Cases of National Rural Revitalization in 2021 (2021年全國鄉村振興優秀案例)	China Well-off Society Association	2022
Chongho Bridge Group Limited	Asian Development Bank Green Carpet Award for Inclusive Finance (亞行綠毯獎普惠金融獎)	Asian Development Bank	2022
Chongho Bridge Group Limited	Top 500 Chinese Agricultural Enterprises (中國農業企業500強)	Farmers' Daily	2021
Chongho Bridge Group Limited	Zhongrong Inclusive Annual Sample Special Award ("中融普惠"年度案例特別獎)	China Finance Publishing House	2021
Chongho Bridge Group Limited	2021 Model Case for Carbon Neutrality (2021年度"碳中和典型案例")	People.cn, All-China Environment Federation, Center for Environmental Education and Communications of Ministry of Ecology and Environment	2021

Recipient	Award/Recognition	Awarding Institution/Authority	Award Year
Chongho Bridge Group Limited	Honorable Mention of Best Bank for Women Entrepreneurs (最佳服務女性企業主銀行獎提名)	International Finance Corporation and Global SME Finance Forum	2021
Chongho Bridge Group Limited	Green Development Model Case (綠色發展服務示範案例)	China International Fair for Trade in Services	2021

INTELLECTUAL PROPERTY

Intellectual property is fundamental to our success and competitiveness, and we devote significant time and resources to their development and protection. As of September 30, 2023, we had 18 patent, 26 pending patent applications, 365 registered trademarks and 5 pending trademark applications in China. As of the same date, we had 38 registered software copyrights and 42 registered domain names in China, including, among others, https://www.chongho.net.

If we are unable to protect our patents, copyrights, trademarks and domain names adequately, that could have a material adverse effect on our business and hurt us in establishing and maintaining our brands. We rely upon a combination of patent, trade secret, copyright and trademark laws, license agreements, confidentiality procedures, nondisclosure agreements with employees, customers and others, and technical measures to protect intellectual property used in our businesses. In addition, our employees must enter into a standard employment contract which includes a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works.

We also rely on a variety of intellectual property rights licensed from third parties, including Internet server software. These third-party licenses may not continue to be available to us on commercially reasonable terms. Our loss of or inability to maintain or obtain upgrades to any of these licenses could significantly harm us. In addition, because we license information from third parties, we may be exposed to copyright infringement actions if those parties are subject to claims regarding the origin and ownership of that information. Furthermore, despite our precautions, third parties may obtain and use intellectual property that we own or license without our consent. During the Track Record Period and up to the Latest Practicable Date, we did not find any material disputes or any other pending material legal proceedings of intellectual property rights with third parties. However, future unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position."

Please see "Appendix IV—Statutory and General Information—B. Further Information about Our Business—2. Intellectual property rights of the Group" for details of our material intellectual property rights.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by Chinese laws and regulations and in accordance with the commercial practices in our industry. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds, as required by Chinese laws and regulations. We also purchase supplemental accident insurance for our employees and offer optional commercial medical insurance for a discount. In addition, we have obtained insurance to cover certain potential risks and liabilities, such as property damage, employer's liability insurance, group personal accident insurance, commercial crime insurance as well as directors and officers liability insurance.

We do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance. See "Risk Factors—Risks Relating to Our Business and Industry—We may not have sufficient insurance coverage to cover our business risks." During the Track Record Period, we did not make any material insurance claims in relation to our business.

EMPLOYEES

As of December 31, 2021, 2022 and the nine months ended September 30, 2023, we had a total of 6,367, 6,798 and 7,382 employees, respectively. As of September 30, 2023, all of our employees were based in China. The table below sets out employees by function as of September 30, 2023.

Functions	**Number of employees**	**% of total employees**
Sales and marketing	6,454	87.4
General and administration	356	4.8
Research and development	227	3.1
Business operations	172	2.3
Finance	100	1.4
Risk management	73	1.0
Total	**7,382**	**100.0**

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted and plan to continue to grant share-based incentive awards to our employees to motivate their contributions to our growth and development.

We primarily recruit our employees through recruitment agencies, online channels including our corporate website and social networking platforms, and offline channels such as news board in counties and towns. We have adopted comprehensive training programs covering various aspects of our businesses and employees at all levels. See "—Environmental, Social and Governance and Corporate Social Responsibility—Social Responsibilities" for further details.

As required under PRC regulations, we participate in housing fund and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees.

We enter into standard labor contracts and confidentiality agreements that contain non-compete restrictions with our employees. None of our employees are currently represented by labor unions. We believe that we maintain a good working relationship with our employees and we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations.

Most of our employees live in rural areas themselves and many of their family members, relatives and neighbors are small-scale farmers and small rural business owners. Given the popularity of our products and services in rural areas and demands from our employees, we allow our employees to purchase, and our employees have purchased, our various products and services in the ordinary course of our business. We provide our products and services to our employees based on the same sets of principles and guidelines as we provide such products and services to our other customers.

Our revenue generated from sale of products, including agricultural inputs and equipment and consumer goods, to our employees accounted for 0.8%, 5.7% and 7.2% of our total revenues in 2021, 2022 and the nine months ended September 30, 2023, respectively. As our product and service offerings became more diversified and popular, our employees increased their purchases not only for self and family-use, but also for use by, and at the request of, their relative, neighbors and other acquaintances who find our products and services attractive but are not used to online transactions. We do not provide any additional incentives to induce our employees to enter into these transactions. Similar to our other customers, when purchasing our products and services, our employees may use our inclusive credit services to obtain loans designated for such purchase, and when our employees choose to do so, they will go through the same application and credit assessment process and be subject to the same risk management measures as our other customers. As of December 31, 2021 and 2022 and September 30, 2023, the total outstanding balance of loans obtained by our employees through our platform designated for purchasing our products and services accounted for 0.02%, 0.27% and 0.21% of the total outstanding balance of loans obtained through our platform, respectively.

To address the pain points of our potential customers in rural areas, in January 2024, we upgraded our mobile application where our customers can complete user registration on our mobile application through a more user-friendly process. Our employees will assist potential customers, including but not limited to their relative, neighbors and other acquaintances, in completing user registration and doing online transactions with us. We also encourage our employees to promote the convenience and reliability of our online offerings. We believe these efforts will help us reach to more customers directly, further expand our customer base and improve our customer coverage and service, while at the same time, we expect our revenue from sale of products to our employees as a percentage of our total revenues will decrease in the future.

PROPERTIES

Owned Properties

We owned 19 properties in Hunan, Hebei, Inner Mongolia, Liaoning, Fujian, Sichuan, Guizhou and Hainan Province with an aggregate gross floor area of approximately 19,413 square meters as of the Latest Practicable Date, 14 of which are used for office space, and five of which are used for manufacturing space and office space and owned by one of our subsidiary which contributed to less than 1% of our total revenue during the Track Record Period.

We have not obtained property ownership certificate for six of our owned properties. Two of such properties are used for office space, and four of such properties are used for office and manufacturing spaces and owned by one of our subsidiary which contributed to less than 1% of our total revenue during the Track Record Period. See "Risk Factors—Risks Relating to Our Business and Industry—We face certain risks relating to the real properties that we own, such as the failure to obtain the title documents and to comply with usage requirements, which may adversely affect our business." and "Risk Factors—Risks Relating to Our Business and Industry—Defects in title and documentation related to certain of our leased properties may adversely affect our ability to use such properties." During the Track Record Period and up to the Latest Practicable Date, our owned properties subject to title defects were not material to our business operations. We believe there are sufficient alternative properties with similar conditions in same region and relocation will not cause excessive costs or business interruption.

Leased Properties

Our headquarters are located in Beijing and Changsha, China. We lease and occupy our office space in Beijing with an aggregate floor area of approximately 4,462 square meters as of the Latest Practicable Date. As of the Latest Practicable Date, we also lease and occupy office space in 19 provincial-level regions with an aggregate floor area of approximately 105,215 square meters, and manufacturing and warehouse space in Sichuan with an aggregate floor area of 736 square meters which is leased and occupied by one of our subsidiary which contributed to less than 1% of our total revenue during the Track Record Period.

These leases have expiration dates ranging from February 2024 to September 2029. We will renew our lease for a certain property only if such property: (i) is compliant with all environment, health and safety laws and regulations, (ii) is not subject to any dispute, lawsuit or other factors that may affect our use, (iii) offers quality property management service, and (iv) is located at a place with sufficient substitute properties in case we cannot renew our lease. To ensure a certain property satisfies all these requirements, we do a background check on whether the property or the landlord is subject to any investigation, dispute or lawsuit or has any enforcement record and routinely evaluate the service quality of the property management company. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

Lessors of 86 leased properties with an aggregate gross floor area of approximately 17,864 square meters, which are used for office space, have not provided us with their property ownership certificates or other documentation proving their right to lease those properties to us. If any of these leases is terminated as a result of challenges by third parties, we may not be able to continue to use the properties.

In addition, our leasehold interests of certain leased properties with an aggregate gross floor area of approximately 108,485 square meters have not been registered with the relevant PRC governmental authorities as required by PRC law. Among these leased properties, an aggregate gross floor area of approximately 107,749 square meters are used as office space and an aggregate gross floor area of approximately 736 square meters are used for manufacturing and warehousing purposes. Our PRC Legal Advisor has advised us that the lack of registration for the lease contracts will not affect the validity of the lease contracts under PRC law, and has also advised us that the relevant PRC authorities may request us to complete the registration and if we still fail to do so, we may be imposed a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements.

Furthermore, the current usages of 57 leased properties with an aggregate gross floor area of approximately 11,565 square meters, which are used for office space, are not in conformity with the permitted usages prescribed in the relevant title certificates. Nonconformity with the property's planned use may lead to fines imposed by the competent authority, and in extreme case, government order to revoke the lease or reclaim the land.

Considering these properties' uses, we believe there is a sufficient supply of similar properties and do not expect any material adverse effect on our business due to these potential terminations. During the Track Record Period and up to the Latest Practicable Date, our leased properties subject to title defects were not material to our business operations. We do not expect any material adverse effect on our business due to such title defects. See "Risk Factors—Risks Relating to Our Business and Industry—Defects in title and documentation related to certain of our leased properties may adversely affect our ability to use such properties."

As of the Latest Practicable Date, no single property accounted for 15% or above of our consolidated total assets by book value. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings.

RISK MANAGEMENT AND INTERNAL CONTROL

As credit products accounted for a substantial majority of our business, credit risk is the most significant risk inherent in our business. We have developed a credit risk management system in accordance with the type and size of our loans, the types of our customers and the local legal and economic environment.

We also face risks relating to our operations and compliance. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as financial reporting, information system, internal control, human resources and investment management.

Credit Risk Management

Overall Design of Our Credit Risk Management

Our loan products are generally designed in small ticket sizes, and we keep our credit risk under control through diversification. We consider our customers' economic activities and income level when granting credit lines, making sure the credit amount is corresponding to their repayment ability. Most of the credit products obtained through our platform have a credit line of below RMB120,000. In addition, our loans are used for various purposes, effectively diversifying credit risks.

We design our products and marketing strategies based on the unique feature of rural areas. We understand that rural areas are societies of acquaintance and guarantors play an important role in improving the repayment willingness of our customers. In addition, as our local operation teams are also local residents, they are well positioned to evaluate customers' abilities to repay, use of proceeds and their reputation to minimize the risks of defaults.

Data Collection and On-the-ground Diligence

To efficiently screen applicants, we have designed an initial phase to collect basic information regarding a prospective borrower when a borrower applying for one of the loan products. We also collect personal information such as identification, occupation, residential address and spouse information for verification and anti-fraud purposes. With users' authorization, we supplement our proprietary data with extensive external data to build a comprehensive credit profile for each of our borrowers. The external data include but are not limited to borrowers' personal credit information, cash flow information and past borrowing and repayment behavior provided by third-party institutions we cooperate with, and judicial execution information. These data enable us to provide an array of automated quantitative analysis, strengthen our credit assessment system and make fast and accurate preliminary credit line decisions.

In loan applications where a borrower does not have sufficient online credit information for us to assess his or her creditworthiness, we will, with the borrower's consent, collect financial and non-financial information of the borrower through on-site due diligence conducted by our local operation teams. For a loan application exceeding RMB120,000, two local operation teams will be assigned to ensure that we obtain comprehensive information to make credit assessment. We verify the borrower's financial information, such as income and assets of the borrower, through various documents, such as bank statements, vehicle registration and property certificate. In addition, we value non-financial information to help us assess the loan application. As many of our local operation teams are local residents of the communities they cover, it is relatively easy for them to gather non-financial information of the borrower, such as the borrower's reputation, outstanding disputes, credit history and business experience and expertise, from third parties in the relevant neighborhood.

Credit Assessment

While many microcredit platforms in China build up their credit assessment process based on proprietary data and third party database, we have adopted a credit assessment approach that combines the assessment of information from both online database and offline diligence. We believe this integrated credit assessment model offers us a more precise, transparent and comprehensive picture of a potential borrower's financial status and delinquency risk.

Empowered by our credit data from our rural inclusive credit services, we have developed hundreds of risk control models and strategies based on our insights into customers' credit profiles in different regions using our proprietary algorithms and massive data accumulated on our platform. Leveraging these risk control models and strategies, our machine learning based credit assessment system analyzes customers' ability to repay our loans based on (i) basic information provided by the customers, (ii) any additional customer-specific information accumulated on our platform, such as credit histories with us and local customer information developed by our local operation teams, and (iii) credit and cash flow information obtained through third-parties with prior authorization of the customers. The system is continuously tested and updated by our team.

We employ our algorithms and metrics in assessing borrowers' probability of delinquency. Applicants of our credit product, Speedy Loan (極速貸), receive credit decisions within three minutes on average after application. Applicants of Inclusive Loans (惠農貸) and Installment Loans (農分期) receive credit decisions within four calendar days and four hours after submitting applications on average, respectively.

We strive to balance the flexibility and prudence in our loan application decision-making process. For loans that require onsite due diligence of local operation teams, the decision of our local operation teams will be further reviewed by our loan reviewing committee for approval. Our reviewing committee assesses the loan application independently and has veto power. Based on loan amount and risk management performance of local operation teams, we sometimes require loan applications to be reviewed and approved by our branches, regional offices or even headquarters.

We emphasize on verification and fraud detection. Our credit assessment system contains a multifaceted and effective fraud management system that automatically aggregates data from both internal and external sources. Built upon the database collected via our own platform, the internal and industry blacklist provided by third-party database, real-name authentication setting and sophisticated machine learning technology, our credit assessment system is able to assess the probability of suspicious activities by each applicant. At the same time, we recognize the added complexities in detecting and preventing organized frauds. Our local operation teams will process the collected financial and non-financial information into our credit assessment system to undergo a verification process.

We periodically test and refine anti-fraud rules to tackle new development and trend, which allows us to quickly respond to emerging fraudulent threats and catch unknown fraud patterns.

Credit Monitoring, Servicing and Collection

Once a loan is granted, we closely monitor the loan performance through our services to borrowers. We provide repayment reminder services through in-app notification and SMSs by our system before the due date for each scheduled repayment. In addition, we employ big data and models for periodic monitoring during the loan cycle and our local operation teams conduct periodical follow-ups with our borrowers to understand borrowers' latest financial conditions and repayment abilities. We generally require our local operation teams to conduct phone calls at least once a month and make on-site visits at least once every three months after the credit drawdown with borrowers. Through systematic model monitoring and close communications with borrowers, our local operation teams are able to discover borrowers that are at the risk of defaulting at an early stage and explore available payment alternatives and make reasonable arrangements to repay outstanding balances and prevent defaults.

If a borrower fails to make a payment on a due date, our local operation teams will conduct a collection call and onsite visit with such borrower within the same day. If a loan remains overdue, our local operation teams will continue to follow up with the borrower through SMSs, calls and in-person visits. Besides the collection efforts towards the borrower, we also closely communicate with the relevant guarantor, encouraging them to provide assistances in loan collection. In the event of malicious default of a loan that is overdue of over 90 calendar days, we, at our sole discretion, may require our local operation teams to file lawsuit against the borrower and the relevant guarantor or request enforcement actions, such as filing foreclosure on collateral or assets by court order.

We do not engage any third-party service providers to collect overdue loans from our borrowers. For our local operation teams, we continuously monitor their performance and compliance to ensure that they employ appropriate collection methods to achieve better collection performance and compliance with regulatory requirements. During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC laws and regulations governing the loan collection in material respects.

Through our credit monitoring, servicing and collection activities, we gain additional analytical insights about credit trends and borrowers which allow us to continuously improve our credit risk management, loan issuance and facilitation processes and product capabilities.

As climate change intensifies, we face increasing risks in extreme weather and evolving regulatory policies. We conduct a systematic analysis of climate-related challenges and opportunities and implement a set of measures aimed at preventing and mitigating potential negative impacts of these risks on our customers and us. For instance, we provide risk alleviation solutions such as loan restructuring to our borrowers who temporarily lack repayment capability due to disasters. We also adopt leniency policies in credit reporting, mitigating the repayment pressure of borrowers while facilitating debt collection. In addition, we coordinate with local organizations to conduct disaster relief activities and offer philanthropic aid, demonstrating our social responsibility and commitment to public interests.

Risk Management Team

We have established a well-structured system to monitor and manage risks involved in our operations, comprising our local operations teams, our regional management teams and members of risk management center, investigation and approval center, digital finance center, and internal audit department at the headquarters. Our risk management center is at the core of our overall risk management team. As of September 30, 2023, we had 73 risk management employees at the headquarters.

Our comprehensive risk management team regularly examines credit and enterprise risks of our Company and is intimately involved in portfolio management, credit model development, validation and optimization. Tasks performed by our risk management team includes formulating overall risk management policies and processes, determining operational risk appetite and key risk indicators, monitoring of credit products performance and stability, as well as assessing and reporting operational risks at different business departments and regional subsidiaries.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, expenses management policies and treasury management policies. We have various procedures in place to implement accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department staff to ensure that they understand financial management and accounting policies and implement them in our daily operations.

Operational Risk Management

Operational risk is the risk resulting from inadequate or failed internal control systems, human errors or external events. We consider the operational risk to be one of the major risks in our business and believe that this inherent risk can be controlled or minimized through adequate and comprehensive operational policies and procedures. We have adopted the following measures:

- establishing a sound corporate governance structure with clearly defined duties of the Board, the senior management and the business departments;

- establishing a vertical risk management system to ensure the independence of our risk management;

- establishing and continuously improving our operational procedures and internal control system, and utilizing our information technology system to monitor and control the implementation of each procedure. In particular, we have adopted and have strictly implemented internal control measures throughout our operation process to prevent and detect potential employee frauds, such as the integrity due diligence for new employees, "separation of application investigation and approval," multilevel assessment and approval procedure, on-site visits and inspection, interviews conducted by our local operation teams with the family members, neighbors, friends of the borrower or relevant third parties, periodical post-loan grant review and continuous collection efforts on default borrowers, comprehensive record-keeping system for due diligence investigation and collection communication;

- implementing a performance-based compensation scheme for our employees, connecting employees' compensation with their risk management performance;

- providing ethical and anti-corruption education and professional training to the employees, especially those responsible for the assessment and approval process; and

- conducting independent post-event risk reviews by our internal control team.

Information System Risk Management

Sufficient maintenance, storage and protection of user data and other related information are critical to our success. We have implemented relevant internal procedures and controls to ensure that user data is protected and that leakage and loss of such data are avoided. Our information security management committee is responsible for designing the strategies and planning our data security management. Our information technology department is responsible for formulating the comprehensive information security solution and system for our Company and ensuring the security of our information technology infrastructure and ensuring that the usage, maintenance and protection of user data are in compliance with our internal rules and the applicable laws and regulations. We designate an information security team to monitor the execution of our information security policies and provide regular trainings and technical support to our business operation teams. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of user data. See "—Data Privacy Protection and Compliance" for further details.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers, funding providers and partner financial institutions. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations under our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

We also have in place detailed internal procedures to ensure that our in-house legal department reviews our products and services, including upgrades to existing products, for regulatory compliance before they are made available to the general public. Our in-house legal department is responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Our human resource department schedules online trainings, reviews the information of the trainings, follows up with employees to evaluate the impact of such trainings and rewards lecturers for positive feedback. Through these trainings, we ensure that our staff's skill sets remain up-to-date, enabling them to better discover and meet consumers' needs.

We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practices, work ethics, fraud prevention mechanism, negligence and corruption. We provide employees with regular trainings and resources to explain the guidelines contained in the employee handbook.

We also have in place an anti-corruption policy to safeguard against any corruption within our Company. Our policies explain potential corruption conducts and our anti-corruption measures. We prohibit our employees from receiving or giving any form of bribes or kickbacks in dealing with third parties. We have included clear and strict guidelines against the acceptance of gifts, hospitality and other offers by interested third parties and the making of such offers by our employees to any third parties. Our employees who have management responsibility are required to sign an anti-corruption and anti-bribery undertaking. We have anti-corruption and anti-bribery clauses in our business contracts, which allow us to terminate the contracts for any violation of such clauses by the counterparties. We require borrowers, our suppliers and other third parties who cooperate with us to sign an anti-corruption and anti-bribery undertaking and comply with relevant laws and regulations. We will report bribery and corruption activities to relevant authorities if we determine such activities to have violated applicable laws and regulations. We make our internal reporting channel open and available for our staff and customer to report any corruption acts, and our staff can also make anonymous reports to our internal audit department. Our legal and supervision department is responsible for investigating the reported incidents and taking appropriate measures. We conduct sufficient risk-based due diligence before hiring any third party and ensure that the hiring procedure is implemented fully in accordance with the anti-bribery policy. We also have regular trainings for employees regarding anti-bribery policy to facilitate better implementation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any non-compliance with relevant laws and regulations that have a significant impact on us relating to corruption and bribery.

Investment Risk Management

Our investment strategy is to invest in or acquire businesses that are complementary to our business and aligned with our growth strategies. We adopt investment plans in line with our business strategies with inputs from various business departments. We generally intend to hold our investments for the long term. In order to manage the potential risks associated with investments, we would generally require any potential target companies for investment to grant us customary minority investor protective rights.

Our relevant business departments make recommendations with respect to investment projects sourcing to our office of the Board. Our office of the Board is responsible for investment project screening, execution and post-investment risk management. The department sources investment projects in accordance with our investment strategy and preliminarily assesses the risks and potential of the investment projects. We employ different levels of approval and due diligence mechanisms corresponding to the specific circumstances involved in an investment project.

In addition, our relevant business departments, finance department, office of the Board are collectively responsible for monitoring the performance of each investment on a regular basis. These departments are also responsible for providing recommendations on measures to reduce any risks involved in each investment project and must report to our investment committee timely if there is any material change to the financial position of an investment.

Legal and Compliance Risk Management

Our business is subject to extensive and complex regulations and supervisions by national, provincial and local government authorities with regard to administrative licensing of our financial business, digital platform, general market regulation and finance and tax policies. See "Regulatory Overview" for more information. If we do not respond to these changes in a timely manner or are found to be not in compliance with applicable laws and regulations, significant losses may be incurred. See "Risk Factors—Risks Relating to Our Business and Industry—We are subject to a broad range of laws and regulations, and future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations." Our comprehensive risk management department, legal department, internal audit department, compliance center and regional management department are responsible for the operational compliance review, examination of the completeness of business procedures, implementation of regulatory policies, provision of operational guidance and training to the business staff, legal matters related to asset collection, and drafting and review of contracts and other legal documents.

COMPLIANCE AND LEGAL PROCEEDINGS

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. During the Track Record Period and up to the Latest Practicable Date, we had not involved in any litigation, arbitration or administrative proceeding against us that could have a material adverse effect on our business, financial condition or results of operations.

LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits and approvals from relevant authorities that are material to our operations, and save as disclosed herein, such licenses, permits and approvals are still valid and in force. We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. We believe there is no material legal impediment to completing the renewal of such permits, licenses or approvals.

The following table sets out a list of material licenses and permits currently held by us.

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
Approval of the Opening of Chongqing Chongho Bridge Microfinance Limited	Chongqing Chongho Bridge Microfinance Limited	Chongqing Municipal Financial Work Office	January 19, 2017	N/A
Approval of the Establishment of Guangdong Chongho Bridge Microfinance Limited	Guangdong Chongho Bridge Microfinance Limited	Guangdong Provincial Financial Supervision and Administration Bureau	July 16, 2019	N/A

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
Approval of the Filing of Hainan Chongho Bridge Microfinance Limited	Hainan Chongho Bridge Microfinance Limited	Hainan Provincial Government Financial Work Office	July 18, 2016	N/A
Approval of the Provincial Operation of Hebei Chongho Bridge Microfinance Limited	Hebei Chongho Bridge Microfinance Limited	Hebei Provincial Financial Supervision and Administration Bureau	August 27, 2020	N/A
Approval of the Opening of Hunan Chongho Bridge Microfinance Limited	Hunan Chongho Bridge Microfinance Limited	Hunan Provincial Government Financial Work Office	November 30, 2017	N/A
Approval of the Opening of Kangping County Chongho Bridge Microfinance Limited	Liaoning Kangping County Chongho Bridge Microfinance Limited	Liaoning Provincial Government Financial Work Office	November 24, 2011	N/A
Shandong Provincial Microcredit Company Operation License	Liaocheng Chongho Bridge Microfinance Limited	Shandong Provincial Financial Supervision and Administration Bureau	August 10, 2021	August 27, 2023(1)

Note:

(1) We submitted the application for the renewal of such license before its expiration, and have been engaging in active communication on its renewal with competent government authority, which confirmed that Liaocheng Chongho Bridge Microfinance Limited may continue its operations in the absence of such license during the renewal process, and confirmed that we had not been in violation of any relevant administrative regulations. As of the Latest Practicable Date, the operations of Liaocheng Chongho Bridge Microfinance Limited had not been adversely affected. Our PRC Legal Adviser is of the view that there is no material obstacles in successfully completing such renewal.

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
Approval of the Opening of Inner Mongolia Chongho Bridge Microfinance Limited	Inner Mongolia Chongho Bridge Microfinance Limited	Inner Mongolia Provincial Government Financial Work Office	January 15, 2016	N/A
Approval of the Opening of Luohe Chongho Bridge Microfinance Limited	Luohe Chongho Bridge Microfinance Limited	Henan Provincial Financial Supervision and Administration Bureau	June 29, 2021	N/A
Approval of the Opening of Lianyungang Ganyu Chongho Bridge Microfinance Limited	Lianyungang Ganyu Chongho Bridge Microfinance Limited	Jiangsu Provincial Financial Supervision and Administration Bureau	September 27, 2020	N/A
Jiangxi Provincial Microcredit Company Operation License	Ganzhou Chongho Bridge Microfinance Limited	Jiangxi Provincial Financial Supervision and Administration Bureau	July 31, 2023	August 15, 2024
Approval of the Opening of Linxia Hezheng County Jinmai Microfinance Limited	Gansu Chongho Bridge Microfinance Limited	Gansu Provincial Government Financial Work Office	August 15, 2013	N/A
Approval of the Opening of Deyang Chongho Bridge Microfinance Limited	Sichuan Chongho Bridge Microfinance Limited	Sichuan Provincial Government Financial Office	December 6, 2011	N/A

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
Approval of the Opening of Shanxi Chongho Bridge Microfinance Limited	Shanxi Chongho Bridge Microfinance Limited	Shanxi Provincial Financial Supervision and Administration Bureau	April 13, 2020	N/A
Value-Added Telecommunication License (B2-20173175)	Beijing Xiangzhu Technology Limited	Ministry of Industry and Information Technology of the PRC	November 22, 2022	November 22, 2027
Value-Added Telecommunication License (Jing B2-20214850)	Beijing Xiangzhu Technology Limited	Beijing Communications Administration	December 31, 2021	December 31, 2026
Insurance Agent License	Beijing Little Whale Insurance Agency Limited	Beijing Supervision Bureau of the China Banking and Insurance Regulatory Commission	March 2, 2022	N/A
Pesticide Operation License	Chongho (Beijing) Agricultural Technology Limited	Beijing Municipal Bureau of Agriculture and Rural Affairs	April 25, 2021	December 17, 2025

Upon [**REDACTED**], certain transactions between us and our connected persons, which are entered into in our ordinary course of business, will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions that will constitute continuing connected transactions under Rule 14A.31 of the Listing Rules upon [**REDACTED**]. Those transactions are entered into with the following connected persons and their associates:

Connected Person	**Connected Relationship**
Ant Group	Ant Group wholly owns API, a substantial shareholder of our Company upon [**REDACTED**]. Ant Group is therefore an associate of API and our connected person under Rule 14A.13 of the Listing Rules.

OUR CONTINUING CONNECTED TRANSACTIONS

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions which are subject to reporting, annual review and announcement requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Ant Group Personnel Secondment Framework Agreement

Parties: the Company and Ant Group

Principal terms: During the Track Record Period, Ant Group and its subsidiaries have seconded employees to the Group to allow our Group to benefit from the relevant industry experience and knowledge of relevant employee(s) of Ant Group and its subsidiaries. The personnel secondment arrangements are governed by existing secondment agreements between the Group and certain subsidiaries of Ant Group. It is expected that the existing personnel secondment arrangements between our Group and the Ant Group and its subsidiaries will continue after [**REDACTED**].

On [●], 2024, the Company (for itself and on behalf of our subsidiaries and Consolidated Affiliated Entities) and Ant Group (for itself and on behalf of its subsidiaries) entered into a personnel secondment framework agreement (the "**Ant Group Personnel Secondment Framework Agreement**") to govern all existing and future personnel secondment arrangements between Ant Group, its subsidiaries and our Group.

The Ant Group Personnel Secondment Framework Agreement will commence on the [**REDACTED**] and will expire on December 31, 2026 (both days inclusive), which may, upon mutual agreement, be automatically renewable for a successive period of three years thereafter, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Historical Transaction Amounts: The historical secondment fees paid by our Group to Ant Group and its subsidiaries for the years 2021 and 2022 as well as the nine months between January 1, 2023 and September 30, 2023 were approximately RMB1.13 million, RMB4.89 million and RMB2.64 million, respectively.

Pricing policy: The Ant Group Personnel Secondment Framework Agreement provides that the terms for all existing and future definitive individual personnel secondment agreements between Ant Group (and its subsidiaries) and our Group must be (i) in the ordinary and usual course of business of our Group; (ii) on an arm's length basis; and (iii) on normal commercial terms or better for the Group. The secondment fees payable by our Group to Ant Group and its subsidiaries are determined based on the actual labor costs (including but not limited to the compensation payable to the relevant personnel and the costs of the benefits provided to such relevant personnel) incurred with respect to the seconded employees for the duration of the secondment.

Annual caps on future transaction amounts: Taking into account (a) compensation and benefits paid to the seconded personnel during the two years 2021 and 2022 and the nine months between January 1, 2023 and September 30, 2023; (b) the estimated number of seconded personnel in the future; and (c) the estimated amount of compensation and benefits to be given to such seconded personnel in the coming years, it is expected that the maximum aggregated fees payable by the Group to Ant Group and its subsidiaries will not exceed RMB5.5 million, RMB6 million and RMB4.5 million for each of the years 2024, 2025 and 2026.

Listing Rules Implications: Since the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules for the transactions under the Ant Group Personnel Secondment Framework Agreement are above 0.1% but below 5%, the transactions under the Ant Group Personnel Secondment Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for the transaction: Certain employees will be able to be seconded to the Group from Ant Group and its subsidiaries pursuant to the Ant Group Personnel Secondment Framework Agreement and such arrangement allows the Group to benefit from relevant industry experience and knowledge of relevant personnel(s) of Ant Group and its subsidiaries.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Contractual Arrangements

Background: As disclosed in the section headed "Contractual Arrangements", due to regulatory restrictions on foreign ownership in the PRC, we conduct part of our business through our Consolidated Affiliated Entities in the PRC, namely Beijing Xiangzhu and Beijing Little Whale. We do not hold our Consolidated Affiliated Entities through equity ownership. Rather, through the Contractual Arrangements, we effectively control the Consolidated Affiliated Entities and are able to derive substantially all of their economic benefits in proportion to our corresponding interest in them, and expect to continue to do so. For further details, see "Contractual Arrangements."

Listing Rules Implications: For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", our Consolidated Affiliated Entities will be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their associates will be treated as connected persons of our Company as applicable under the Listing Rules (excluding for this purpose, the Consolidated Affiliated Entities themselves). Therefore, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon [**REDACTED**].

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for the transaction and the waiver application: Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our legal structure and business operations. Our Directors also believe that our structure, whereby the financial results of our Consolidated Affiliated Entities are consolidated into our financial statements as if they were our Company's subsidiaries, and all the economic benefits of their business flows to our Group, place our Group in a special position in relation to the connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by our Consolidated Affiliated Entities and any member of our Group from time to time (including the Consolidated Affiliated Entities) (the "**Intragroup Agreements**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all such transactions to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement, circular and independent shareholders' approval requirements.

WAIVER APPLICATIONS FOR NON-EXEMPT AND PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the non-exempt continuing connected transactions described in this section will be carried out on a continuing basis and will extend over a period of time, the Directors consider that strict compliance with the requirements under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon the Company.

1. Partially Exempt Continuing Connected Transaction

In respect of the partially exempt continuing connected transaction set out above, we have applied for[, and the Stock Exchange has granted,] a waiver from the strict compliance with the announcement requirement under the Listing Rules.

2. Contractual Arrangements

In respect of the Contractual Arrangements and the Intragroup Agreements, we have applied for[, and the Stock Exchange has granted,] a waiver from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement to set a term of three years or less under Rule 14A.52 of the Listing Rules; and (iii) the requirement to set annual caps under Rule 14A.53 of the Listing Rules, for so long as our Shares are [**REDACTED**] on the Stock Exchange, subject to the following conditions:

(a) No change without independent non-executive Directors' approval

Save as described below, no change to the Contractual Arrangements (including with respect to any fees payable to the Group thereunder) will be made without the approval of the independent non-executive Directors.

(b) No change without independent Shareholders' approval

Save as described below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our independent Shareholders. Once the independent Shareholders' approval of any change has been obtained, no further announcement or approval by our independent Shareholders, except for those described above, will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company will continue to be applicable.

(c) Economic benefits and flexibility

The Contractual Arrangements shall continue to enable our Group to receive economic benefits derived by our Consolidated Affiliated Entities through: (i) our Group's option (if and when allowed under applicable PRC laws) to acquire all or part of the equity interests in our Consolidated Affiliated Entities for nil consideration or for the minimum amount of consideration permitted under the applicable PRC laws; (ii) the business structure under which the profit generated by our Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to the Group by our Consolidated Affiliated Entities under the Contractual Arrangements; and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of our Consolidated Affiliated Entities in proportion to our corresponding interest in such entities.

(d) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between, on the one hand, our Company and the subsidiaries in which our Company has direct shareholding and, on the other hand, the Consolidated Affiliated Entities, this framework may be renewed and/or reproduced without an announcement, circular, or obtaining the approval of our Shareholders (i) upon the expiry of the existing arrangements; (ii) in connection with any changes to the shareholders or directors of, or of their shareholders in, the Consolidated Affiliated Entities; or (iii) in relation to any existing, new or acquired wholly foreign-owned enterprise or operating company (including branch company) engaging in a business similar or relating to those of our Group.

The directors, chief executive or substantial shareholders of any existing, new or acquired wholly foreign-owned enterprise or operating company (including branch company) engaging in a business similar or relating to those of our Group will, upon renewal and/or reproduction of the Contractual Arrangements, be treated as connected persons of our Group and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

This condition is subject to the relevant PRC laws and approvals. Any such renewed or reproduced agreements will be on substantially the same terms and conditions as the existing Contractual Arrangements.

(e) Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an on-going basis:

- The Contractual Arrangements in place during each financial period will be disclosed in our Company's annual reports and accounts in accordance with the relevant provisions of the Listing Rules.

- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report that for the relevant year (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interest which are not otherwise subsequently assigned or transferred to our Group in proportion to our interest in such entities; and (iii) any new contracts entered into, renewed or reproduced between our Group and our Consolidated Affiliated Entities are fair and reasonable, or beneficial to our Shareholders, so far as our Group is concerned and in the interests of our Shareholders as a whole.

- Our Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have been approved by our Board, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interest which are not otherwise subsequently assigned or transferred to our Group in proportion to our interest in such entities.

- For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person," our Consolidated Affiliated Entities will be treated as our subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of our Consolidated Affiliated Entities and their associates will be treated as connected persons of our Company (excluding, for this purpose, our Consolidated Affiliated Entities themselves), and transactions between these connected persons and our Group (including, for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

- Our Consolidated Affiliated Entities will, for so long as the Shares are [**REDACTED**] on the Stock Exchange, provide our Group's management and our Company's auditors with full access to its relevant records for the purpose of reporting on the connected transactions.

CONFIRMATION FROM OUR DIRECTORS

The Directors (including the independent non-executive Directors) of our Company are of the view that (i) the Ant Group Personnel Secondment Framework Agreement, the terms of the relevant agreements underlying the Contractual Arrangements and the transactions contemplated therein have been and will be entered into during our ordinary and usual course of business of the Group on normal commercial terms or better, and is fair and reasonable and in the interests of our Company and the Shareholders as a whole, and (ii) the proposed caps under the Ant Group Personnel Secondment Framework Agreement are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) of our Company are of the view that the Contractual Arrangements and the transactions contemplated therein have been entered into and will be entered into during our ordinary and usual course of business on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. The Directors are of the view that, with respect to the terms of the relevant agreements underlying the Contractual Arrangements, which are of a duration longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by Chongho Bridge Group Limited; (ii) Chongho Bridge Group Limited can obtain the economic benefits derived from the Consolidated Affiliated Entities in proportion to the Group's interest in them, and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has (i) reviewed the relevant documents and information provided by the Group, (ii) obtained necessary representations and confirmations from the Company and the Directors and (iii) participated in the due diligence and discussion with the management of the Company. Based on the above, the Sole Sponsor is of the view that (i) the Ant Group Personnel Secondment Framework Agreement, the terms of the relevant agreements underlying the Contractual Arrangements and the transactions contemplated therein have been and will be entered into in the ordinary and usual course of business of the Group on normal commercial terms or better, and is fair and reasonable and in the interests of the Company and its Shareholders as a whole and (ii) the proposed caps under the Ant Group Personnel Secondment Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Sole Sponsor is also of the view that, with respect to the terms of the relevant agreements underlying the Contractual Arrangements, which is of a duration longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by Chongho Bridge Group Limited; (ii) Chongho Bridge Group Limited can obtain the economic benefits derived from the Consolidated Affiliated Entities in proportion to the Group's interest in them, and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

DIRECTORS

Our Board consists of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors. The following sets forth certain information regarding our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Dr. Liu Dongwen (劉冬文)	51	Executive Director, chief executive officer and Chairman of our Board	November 2008	August 24, 2020	Supervising overall operations, management, strategic planning and business development of our Group; convening Board meetings; and supervising the implementation of Board resolutions	None
Ms. Li Zhen (李真)	51	Executive Director, chief financial officer and a joint company secretary	November 2008	February 28, 2024	Supervising overall operations, management, strategic planning and business development of our Group; and overseeing the overall management of the finance department of our Group	None
Non-executive Directors						
Mr. Zhu Chao (朱超)	43	Non-executive Director	May 2018[(1)]	August 29, 2019	Providing advice and recommendation to our Board	None
Mr. Sun Qiang Chang (孫强)	67	Non-executive Director	September[(1)] 2018	August 24, 2020	Providing advice and recommendation to our Board	None
Ms. Cai Li (蔡俐)	40	Non-executive Director	December 2023	December 18, 2023	Providing advice and recommendation to our Board	None
Dr. Bei Duoguang (貝多廣)	66	Non-executive Director	January 2024	February 28, 2024	Providing advice and recommendation to our Board	None

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
Independent non-executive Directors						
Dr. Wang Zhongze (王中澤)	61	Independent non-executive Director	[●]	[●]	Providing independent advice to our Board	None
Dr. Wu Zhong (吳忠)	59	Independent non-executive Director	[●]	[●]	Providing independent advice to our Board	None
Dr. Zhou Yueshu (周月書)	50	Independent non-executive Director	[●]	[●]	Providing independent advice to our Board	None

(1) Mr. Zhu Chao and Mr. Sun Qiang Chang joined our Group as directors in a non-executive nature of Chongho Bridge Group Limited prior to becoming Directors of the Company on August 29, 2019 and August 24, 2020, respectively.

Executive Directors

Dr. Liu Dongwen (劉冬文), aged 51, is our principal founder, executive Director, chief executive officer and Chairman of our Board. Dr. Liu is primarily responsible for supervising overall operations, management, strategic planning and business development of our Group, as well as convening our Board meetings and overseeing the implementation of Board resolutions.

Dr. Liu has over 27 years of experience in the rural development project management and 15 years of management experience in our Group.

Dr. Liu has been the general manager from November 2008 onwards and a director between January 2016 and January 2017 of Chongho Bridge Group Limited and a director of the Company since August 2020.

Dr. Liu currently serves as legal representative and general manager in a number of our subsidiaries, and has also been serving as a director in certain subsidiaries of our Group, since 2016.

Prior to founding our Group, Dr. Liu served as a program manager (項目主管) at China Poverty Alleviation and Development Center (中國扶貧發展中心) (formerly known as Leading Group Office of Poverty Alleviation and Development (of the State Council) (國務院扶貧辦外資項目管理中心)), where he was responsible for project design, management, supervision and assessment, from July 1996 to November 2001. Dr. Liu held various positions at CFRD, a non-profit organization in the PRC, specializing in rural development, charitable project management and fundraising. He served as the program manager, the director of the Department of Micro-Credit Projects (小額信貸項目部) and the deputy secretary-general from June 2002 to December 2008.

Dr. Liu received his bachelor's degree in food science and his master's degree in engineering from China Agricultural University (中國農業大學), in the PRC, in July 1996 and March 2005, respectively. He received a doctorate degree in economics from the faculty of finance at the Nanjing Agricultural University (南京農業大學) in the PRC in December 2023. In 2017, Dr. Liu was honored as an innovative model of impact investing in China at the Global Social Finance Forum & 2017 Social Impact Investing Summit.

Ms. Li Zhen (李真), aged 51, is our executive Director, chief financial officer and our joint company secretary. She is primarily responsible for supervising overall operations, management, strategic planning and business development of our Group, as well as overseeing the overall financial management of our Group, implementing the Board's resolutions and assisting our Directors on the overall management of our Board.

Ms. Li joined our Group in November 2008 and has currently served as a director, the chairman of the board and general manager in a number of our subsidiaries, since 2018.

Prior to joining our Group, Ms. Li served as an accountant at the Dandong branch of China Construction Bank Corporation* (中國建設銀行股份有限公司), a joint-stock company listed on the Shanghai Stock Exchange (stock code: 601939) and the Stock Exchange (stock code: 0939), from October 1992 to September 2002. From October 2002 to January 2006, she worked under the business department at the Dandong branch of China Merchants Bank Co., Ltd.* (招商銀行股份有限公司), a joint-stock company listed on the Shanghai Stock Exchange (stock code: 600036) and the Stock Exchange (stock code: 3968). Ms. Li subsequently worked at Beijing Zhongxing New Century Certified Public Accountants Co., Ltd.* (北京中興新世紀會計師事務所有限公司) before joining Baker Tilly China Ltd. (天華中興會計師事務所有限公司) as a project manager from August 2007 to July 2008. Ms. Li joined CFRD and served as the financial director of the micro credit project department from July 2008 until she joined the Group upon the establishment of Chongho Bridge Group Limited in November 2008 under CFRD.

Ms. Li received her bachelor's degree in economics from Dongbei University of Finance & Economics (東北財經大學), in the PRC, in August 2001 and her master's degree in public administration from Renmin University of China (中國人民大學), in the PRC, in June 2016. Ms. Li has been qualified as a Chinese Certified Public Accountant (中國註冊會計師) recognized by The Certified Public Accountant Examination Committee of the Ministry of Finance (財政部註冊會計師考試委員會) since February 2004. Ms, Li was named as one of the most influential woman in commerce of 2023 by the Fortune magazine in October 2023.

Non-executive Directors

Mr. Zhu Chao (朱超), aged 43, is our non-executive Director. Mr. Zhu has been a non-executive Director of the Company since August 2019 and is primarily responsible for providing advice and recommendation to our Board.

Mr. Zhu has over 17 years of experience in investment and corporate development. From July 2006 to April 2014, he worked at the investment banking department of China International Capital Corporation Limited, a company whose shares are listed on the Stock Exchange (stock code: 3908) and the Shanghai Stock Exchange (stock code: 601995), with his last position being an executive general manager. He joined the Ant Group in April 2014 and currently serves as a senior director of the corporate development in the Ant Group. Mr. Zhu has also been serving as a director of Chongho Bridge Group Limited since May 2018.

Mr. Zhu has been a non-executive director of Beijing UBOX Online Technology Corp., a company whose shares are listed on the Stock Exchange (stock code: 2429), since May 2021, a director of Youon Technology Co., Ltd., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603776), since October 2016, a director of Hundsun Technologies Inc., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600570), since April 2019, and a director of Meinian Onehealth Healthcare Holdings Co., Ltd., a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002044), since January 2022. From July 2018 to August 2021, he was a director of Jiangsu Hoperun Software Co., Ltd., a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 300339). From August 2019 to June 2020, he was a director of 36Kr Holdings Inc., a company whose shares are listed on NASDAQ (stock code: KRKR).

Mr. Zhu obtained his bachelor's and master's degree in economics from Fudan University (復旦大學), in the PRC, in July 2002 and June 2006, respectively.

Mr. Sun Qiang Chang (孫強), aged 67, is our non-executive Director. Mr. Sun has been a non-executive Director of the Company since August 2020 and is primarily responsible for providing advice and recommendation to our Board. Mr. Sun is the chairman for China at TPG, a leading global alternative asset firm. Prior to joining TPG, he founded and was the chairman of Black Soil Group Ltd. (北京黑土地控股有限公司), a company engaged in project investment and asset management. Before founding Black Soil in 2015, he was the chairman of Asia Pacific at Warburg Pincus, a global private equity firm, where he had served for 20 years. Prior to joining Warburg Pincus, he was the executive director of Asia Investment Banking Department at Goldman Sachs Hong Kong. Mr. Sun has extensive experience in private equity investments for over 30 years. Mr. Sun has been a director in a non-executive nature at Chongho Bridge Group Limited since September 2018.

Mr. Sun also serves as an independent non-executive director of GDS Holdings Limited (萬國數據控股有限公司), a company whose shares are listed on the Stock Exchange (stock code: 9698) and the NASDAQ (stock code: GDS)) since April 2017. Mr. Sun also previously served as a director of a number of companies listed on the Stock Exchange and NASDAQ, including SOHO China Limited (HKSE: 0410), Phoenix Media Investment (Holdings) Limited (HKSE: 2008) and Uxin Ltd. (NASDAQ: UXIN).

Mr. Sun is the founder and current honorary chairman of the China Venture Capital and Private Equity Association* (中華股權投資協會), and the founder and current executive vice chairman of the China Real Estate Developers and Investor's Association (中華房地產投資開發商會). He is also a member of the board of governors of the Lauder Institute of the Wharton School and a council member of the China Entrepreneur Club* (中國企業家俱樂部).

Mr. Sun obtained his Bachelor of Arts degree from the Beijing Foreign Studies University (北京外國語大學) in July 1981 and completed a post-graduate program offered by the United Nations. Mr. Sun earned a joint degree of MA/MBA from the Joseph H. Lauder Institute of Management & International Studies of the Wharton School and the School of Arts & Sciences of the University of Pennsylvania in 1989.

Ms. Cai Li (蔡俐), aged 40, is our non-executive Director. Ms. Cai has been a non-executive Director of the Company since December 2023 and is primarily responsible for providing advice and recommendation to our Board. Ms. Cai joined TPG in August 2011 and is latest serving as a managing director of TPG, a leading global alternative asset firm, responsible for TPG's healthcare investments in Greater China.

Ms. Cai currently serves as a director of several member companies of Novotech Health Holdings Pte. Ltd. (a contract research organization invested by TPG), including as director of Novotech Health Holdings Pte. Ltd. since December 2020, Novotech (Australia) Pty Ltd since July 2020, Novotech Holdings Pty Ltd since July 2020, Novotech Aus Holdco Pty Ltd since July 2020, Acrostar Site Management Co., Ltd. (南京立順康達醫藥科技有限公司) since January 2019, Novotech Laboratory Services (Shanghai) Co., Ltd. (上海立興佳生醫藥科技有限公司) since February 2018, Novotech Clinical Services (Shanghai) Co., Ltd. (諾為泰醫藥科技(上海)有限公司) since October 2017, Acrostar Pharmaservices Corporation (徐州立順康達醫藥科技有限公司) since August 2017, Bailixing (Xiamen) Equity Investment Co., Ltd. (百立興(廈門)股權投資有限公司) since August 2017, PPC Intermediate Holding Company since August 2017, and PPC Holding Company since August 2017, respectively.

Ms. Cai also currently holds non-executive board positions in two healthcare companies, including serving as a non-executive director of Dingdang Health Technology Group Ltd., a company listed on the Stock Exchange (stock code: 9886), since May 2021, and a non-executive director of Kangji Medical Holdings Limited, a company listed on the Stock Exchange (stock code: 9997), since March 2020.

Ms. Cai was previously a non-executive director of Zhaoke Ophthalmology Limited, a company listed on the Stock Exchange (stock code: 6622), from October 2020 to November 2023. Ms. Cai was also previously a non-executive director of Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司), a company listed on the Stock Exchange (stock code: 2185), from September 2020 to November 2022.

Ms. Cai also serves as a supervisor of Shanghai Deyu Deqi Enterprise Management Consulting Co., Ltd. (上海德虞得起企業管理諮詢有限公司), a company focuses on investment consulting, since November 2016.

From March 2009 to July 2011, Ms. Cai worked as an investment associate at HAO Capital (HAO Management (Beijing) Limited). From 2007 through 2008, Ms. Cai worked as a research analyst at Credit Suisse AG (New York), where she was responsible for equity research for large cap medical supplies and devices companies.

Ms. Cai obtained a bachelor's degree in biomedical engineering and economics from Yale University in Connecticut, the United States in May 2007.

Dr. Bei Duoguang (貝多廣), aged 66, is our non-executive Director. Dr. Bei has been a non-executive director of the Company since February 2024 and is primarily responsible for providing advice and recommendation to our Board. Previously, Dr. Bei was a director in a non-executive nature of Chongho Bridge Group Limited from March 2017 to March 2019.

Dr. Bei has over 30 years of experience in capital market and corporate development. From September 1988 to September 1993, he worked as deputy director at the treasury bond department of the Ministry of Finance, the State Council. From October 1993 to September 1995, he served as deputy director at international business department of China Securities Regulatory Commission. Dr. Bei then worked as the chief representative at the investment bank department of J.P. Morgan Beijing Office, from October 1995 to March 1998 and he worked for China International Capital Corporation Limited, a company whose shares are listed on the Stock Exchange (stock code: 3908) and the Shanghai Stock Exchange (stock code: 601995), from April 1998 to August 2010, with his last position as the managing director of the corporate management department. Subsequently, he joined the investment bank department of J.P. Morgan First Capital Securities Co., Ltd. as the chief executive officer and vice chairman. Dr. Bei served as the chairman of the board of the National Small and Micro Finance Investment Co., Ltd., from December 2013 to December 2014.

Dr. Bei currently works as the professor and doctoral Supervisor of Renmin University of China, since September 2002, a consultant of strategy and innovation committee of Securities Association of China, since January 2015, the CEO of Renda Inclusive (Beijing) Consulting Co., Ltd., since August 2015, a president of Chinese Academy of Financial Inclusion, since April 2016, a researcher of Financial Research Center of Counsellors' Office of the State Council, since January 2021 and the chief supervisor of Generali China Insurance, since July 2023.

Dr. Bei also currently served as an independent director of several companies, including an independent director of China Trust Protection Fund Co., Ltd, since February 2016 an independent director of Beijing International Trust Co., Ltd., since September 2015, an independent director of Bank of Ningbo Co.,Ltd, a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002142), since April 2020 and an independent director of Zhejiang Mybank Co., Ltd., since December 2021, respectively.

Dr. Bei obtained his bachelor's and master's degrees in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in 1982 and 1985, respectively. He also obtained a doctor of philosophy (PhD) in economics from Renmin University of China in the PRC, in 1989.

Independent non-executive Directors

Dr. Wang Zhongze (王中澤), aged 61, [has been appointed] as our independent non-executive Director [with effect from [**REDACTED**]]. Dr. Wang is primarily responsible for providing independent advice to our Board.

Dr. Wang served at BOC International Holdings Limited between October 2002 and March 2023 where he had held various positions, including as managing director, head of finance & treasury, executive committee member and Chief Financial Officer. Dr. Wang is currently an independent director of Dajia Property & Casualty Insurance Co., Ltd. since June 2023. Prior to joining BOC International Holdings Limited, Dr. Wang also served various roles at State Energy Investment Corporation* (國家能源投資公司), China Development Bank, China Everbright Group Ltd., China Everbright International Ltd. (a company listed on the Stock Exchange (stock code: 0257)), China Everbright Holdings Ltd. and HKC (Holdings) Limited (a company listed on the Stock Exchange (stock code: 0190)). Dr. Wang has also been an independent director at MicroCred China Limited since December 2023.

During his tenure at BOC International Holdings Limited, Dr. Wang had served various positions in a number of member companies, including as the chairman of Bank of China International Limited, director of BOCI Asset Management Limited, director of BOCI-Prudential Asset Management Limited, director of BOCI Securities Limited, chairman of Bank of China International (UK) Limited, as well as other senior positions. Dr. Wang also served as the chairman of BHR Partners (Shanghai) Equity Investment Fund Management Co., Ltd. (formerly known as Bohai Harvest RST (Shanghai) Equity Investment Fund Management Co., Ltd.) between 2019 and 2023.

Dr. Wang is a fellow of the Hong Kong Institute of Certified Public Accountants as well as a board member and the chairman of the China Committee of the Hong Kong Securities and Investment Institute. Dr. Wang obtained a doctor degree of engineering from Tsinghua University in the PRC in April 1991. He also obtained a master of business administration from Richard Ivey School of Business, University of Western Ontario, Canada, in September 2002.

Dr. Wu Zhong (吳忠), aged 59, [has been appointed] as our independent non-executive Director [with effect from [**REDACTED**]]. Dr. Wu is primarily responsible for providing independent advice to our Board.

Dr. Wu has extensive experience in government work and business management. Dr. Wu worked in the Institute of Population Research of Peking University between February 1988 and April 1996 where he served as a lecturer from February 1988 to March 1993 and as the deputy director from March 1993 to April 1996. He also held several positions in the State Council Leading Group Office of Poverty Alleviation and Development between April 1996 and December 2010, including serving as (i) director of finance and procurement division of Foreign Capital Project Management Center from April 1996 to May 2000; (ii) head of the planning department from May 2000 to May 2002; (iii) the director-general of the department of international cooperation and social mobilization from May 2002 to July 2008; and (iv) the director of International Poverty Reduction Center in China from July 2008 to December 2010. Dr. Wu then served as the mayor and deputy party secretary of Qianjiang, Chongqing Municipality, PRC, from December 2010 to May 2015.

Dr. Wu serves as the chairman of Oriental Patron Financial Group since April 2019 and has also been acting as the director-general of the Finance Center for South-South Cooperation since June 2015. Dr. Wu also served as a non-executive director of OP Financial Limited (a company listed on the Stock Exchange (stock code: 1140)) from February 2017 to June 2018 and a non-executive director and the deputy chairman of the Board of OP Financial Limited from June 2018 to August 2020.

Dr. Wu obtained his bachelor's and master's degrees in economics from Peking University in the PRC in 1985 and in 1988, respectively. He also obtained a master of science in medical demography from the University of London in November 1992. Dr. Wu obtained his doctor of law degree from Peking University in the PRC in 1999.

Dr. Zhou Yueshu (周月書), aged 50, [has been appointed] as our independent non-executive Director [with effect from [**REDACTED**]]. Dr. Zhou is primarily responsible for providing independent advice to our Board.

Dr. Zhou has been a professor and doctoral advisor at the college of finance, Nanjing Agricultural University (南京農業大學) in the PRC since December 2013. She was previously a lecturer and associate professor at the college of economics, Nanjing Agricultural University between August 1999 and December 2012. Dr. Zhou was the associate professor of the faculty of finance between January 2013 and December 2013 and was the deputy dean or dean of the faculty of finance between July 2013 and June 2022. Dr. Zhou is also a senior research scholar at Purdue University in the United States. Dr. Zhou has been an independent director of Jiangsu Changshu Rural Commercial Bank Co., Ltd. (江蘇常熟農村商業銀行股份有限公司) since July 2023 and an independent director of Jiangsu Rugao Rural Commercial Bank Co., Ltd. (江蘇如皋農村商業銀行股份有限公司) since December 2023.

Dr. Zhou has long been engaged in the research of rural finance, corporate finance and finance technology with experience in leading projects funded by the National Nature Science Foundation of China (國家自然科學基金委員會) and the humanities and social science foundation of Ministry of Education of the PRC (教育部人文社科基金). She is also currently the deputy head of the Jin Shanbao Institute for Agriculture and Rural Development (金善寶農業現代化發展研究院).

Dr. Zhou obtained her bachelor degree in agricultural studies, master degree in management and doctorate degree in management at Nanjing Agricultural University in the PRC in 1996, 1999 and 2008 respectively. She is a member of the Chinese Institute of Certified Public Accountants (non-practicing).

Save as disclosed herein, none of the Directors have held directorships in any listed company over the past three years and none of our Directors and members of senior management are related to other Directors or members of senior management.

Saved as disclosed above (and their respective interests or short positions (if any) as set out in "Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders" in Appendix IV), there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Our senior management team comprises the following members:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management of the Group	Roles and Responsibilities	Relationship with other Directors and senior management
Dr. Liu Dongwen (劉冬文)	51	Executive Director, chief executive officer and Chairman of our Board	November 2008	November 2008	Supervising overall operations, management, strategic planning and business development of our Group; convening Board meetings; and supervising the implementation of Board resolutions	None
Ms. Li Zhen (李真)	51	Executive Director, chief financial officer and a joint company secretary	November 2008	January 2012	Supervising overall operations, management, strategic planning and business development of our Group; and overseeing the overall management of the finance department of our Group	None
Mr. Zhao Zhansheng (趙佔勝)	46	Chief technology officer	January 2021	January 2021	Overseeing the daily management of the information technology division of the Group	None

Dr. Liu Dongwen (劉冬文), aged 51, is our principal founder, executive Director, chief executive officer and Chairman of our Board. For further details, please refer to the section headed "—Executive Directors" above.

Ms. Li Zhen (李真), aged 51, is our executive Director, chief financial officer and our joint company secretary. For further details, please refer to the section headed "—Executive Directors" above.

Mr. Zhao Zhansheng (趙佔勝), aged 46, is our chief technology officer and vice president. Mr. Zhao was appointed in January 2021. He is primarily responsible for overseeing the daily management of the information technology division of the Group.

Mr. Zhao has served at Ant Group since November 2010 where he held various positions prior to being appointed as our chief technology officer, including as a senior expert at Alipay.com Co., Ltd. and a senior technical expert at Ant Yunchuang Digital Technology (Beijing) Co., Ltd.. In addition, Mr. Zhao previously served as a system architect at Xi'an Branch of Digital China System Integration Service Co., Ltd. (神州數碼系統集成服務有限公司西安分公司) from November 2005 to September 2008 and a senior engineer at Huawei Technologies Co., Ltd. (華為技術有限公司) from October 2008 to October 2010.

Mr. Zhao received his bachelor's degree in engineering from Chang'an University (長安大學) in the PRC in July 2000.

Save as disclosed above, none of our senior management team has been a director of any listed companies during the three years immediately prior to the date of this document.

JOINT COMPANY SECRETARIES

Ms. Li Zhen (李真) was appointed as one of our joint company secretaries in January 2024, with effect from the [**REDACTED**]. See the paragraph headed "—Directors—Executive Directors" above for her biography.

Mr. Lee Leong Yin (李亮賢) was appointed as one of our joint company secretaries in January 2024, with effect from the [**REDACTED**]. Mr. Lee is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. Mr. Lee has over 13 years of experience in the corporate secretarial field. Mr. Lee has been providing professional corporate service to Hong Kong listed companies as well as multinational, private and offshore companies. Mr. Lee is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit and Risk Committee

We [have established] an audit and risk committee with written terms of reference 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 duties of the audit and risk committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. In addition, the audit and risk committee also monitors the risk management system of the Company on an ongoing basis, reviews and revises risk strategies, risk policies and procedures as well as internal control process, and oversees and assesses the performance in respect of risk management of relevant senior management and risk management department. The audit and risk committee comprises three members, namely Dr. Wang Zhongze, Dr. Zhou Yueshu and Dr. Bei Duoguang, with Dr. Wang Zhongze (being our independent non-executive Director with the appropriate professional qualifications) as the chairperson of the audit and risk committee.

Nomination and Remuneration Committee

We [have established] a nomination and remuneration committee with written terms of reference 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 duties of the nomination and remuneration committee are to make recommendations to our Board on the appointment of Directors and management of Board succession, and review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The nomination and remuneration committee comprises five members, namely Dr. Wu Zhong, Dr. Wang Zhongze, Dr. Zhou Yueshu, Mr. Zhu Chao and Ms. Cai Li, with Dr. Wu Zhong as the chairperson of the nomination and remuneration committee.

ESG Strategy Committee

We [have established] an ESG strategy committee. The primary duties of the ESG strategy committee are to evaluate the issues in respect of our Company's ESG, such as targets and medium and long term strategy planning, monitor policies and initiatives adopted to achieve the targets and planning, review our Company's ESG reports and make recommendations to our Board on the ESG management. The ESG strategy committee comprises five members, namely Dr. Liu Dongwen, Dr. Wu Zhong, Dr. Bei Duoguang, Mr. Zhu Chao and Ms. Cai Li, with Dr. Liu Dongwen as the chairperson of the ESG strategy committee.

Corporate Governance Code

Our Company expects to comply with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports upon the [**REDACTED**].

Pursuant to Code Provision C.2.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Dr. Liu currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

Board diversity

Our Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board. Our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a director of the Company, the nomination and remuneration committee will consider a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. Pursuant to the Board Diversity Policy, the nomination and remuneration committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

Our Directors have a balanced mix of knowledge, skills and experience, including management, strategic, business development, corporate investment and finance and marketing. We have three independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Our Board has a wide range of age, ranging from 40 years old to 67 years old. Furthermore, our Company recognizes the particular importance of gender diversity. Our Board currently comprises nine Directors, including three female Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our board diversity policy provides that our Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim to maintain the proportion of female members after [**REDACTED**]. We will also ensure that there is gender diversity when recruiting staff at mid to senior level, as well as engage more resources in training more female staff with the aim of providing a pipeline of female senior management and potential successors to our Board going forward. After due consideration, our Board believes that based on the meritocracy of our Directors, the composition of our Board satisfies our board diversity policy.

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

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 January 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

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 arc no other factors that may affect his/her independence at the time of his/her appointments.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Management presence

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules. Accordingly, we have applied for[, and the Stock Exchange has granted,] a waiver from strict compliance with Rule 8.12 of the Listing Rules. See "Waivers from Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver in relation to Management Presence in Hong Kong" for further details.

Qualification of one of our Joint Company Secretaries

We have applied to the Stock Exchange for, [and the Stock Exchange has granted], a waiver under and in respect of Rules 3.28 and 8.17 of the Listing Rules in relation to the requirement on the qualifications of one of our joint company secretaries, Ms. Li Zhen. See "Waivers from Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver in relation to our Joint Company Secretary" for further details.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation in the form of fees, salaries, bonuses, other allowances and benefits in kind, including our Company's contribution to the pension scheme on their behalf. We determine the salaries of our Directors and senior management members based on their responsibilities, qualification, position and seniority.

The aggregate amount of remuneration paid by us to our Directors for the years ended December 31, 2021, 2022 and the nine months ended September 30, 2023 were RMB6.2 million, RMB4.8 million and RMB5.4 million, respectively. It is estimated that remuneration and benefit in kind (excluding any possible payment of discretionary bonus) equivalent to approximately RMB3.8 million in aggregate will be paid and granted to our Directors by us for the year ending December 31, 2024, based on the arrangements in force as of the date of this document.

The aggregate amount of remuneration paid by us to our five highest paid individuals (including our Directors, senior management members and employees) for the years ended December 31, 2021, 2022 and the nine months ended September 30, 2023 were RMB16.2 million, RMB12.6 million and RMB14.3 million, respectively.

No compensation was paid by us to our Directors and our five highest paid individuals as an inducement to join, or upon joining, our Group during the Track Record Period. No compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors had waived or agreed to waive any emoluments during the same period.

For additional information on Directors' remuneration during the Track Record Period as well as information on our highest paid individuals, please see Note 9 and 10 to the Accountants' Report in Appendix I.

SHARE INCENTIVE SCHEME

In order to incentivize our Directors, senior management and employees for their contribution to the Group and to attract and retain skilled and experienced personnel to enhance the development of our Group, we have adopted the 2020 Equity Incentive Plan on August 30, 2020. As of the date of this document, option to subscribe for 63,295,469 Shares, representing approximately [**REDACTED**]% of our Shares in issue immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan), have been granted to our Directors and employees and remain outstanding. No further option will be granted under the 2020 Equity Incentive Plan after [**REDACTED**]. For details of the 2020 Equity Incentive Plan, see "Statutory and General Information—D. Share Incentive Schemes" in Appendix IV to this document.

COMPLIANCE ADVISER

We have appointed Altus 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 requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company, among others, in the following circumstances:

(a) before the publication of any regulatory announcement, circular, or financial report;

(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 [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development or results of the Group deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of its [**REDACTED**] or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Adviser shall commence on the [**REDACTED**] and is expected to end 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 [**REDACTED**].

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan, the following persons will have an interest or a short position in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to 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 or any of our subsidiaries:

		Shares held as of the date of this Document		**Immediately after the [REDACTED]**	
Name of shareholder	**Nature of interest[1]**	**Number of Shares or securities held[2]**	**Approximate percentage of interest in our Company or our subsidiaries**	**Number of Shares or securities held[3]**	**Approximate percentage of interest in our Company or our subsidiaries[3]**
TPG[4]	Interest in controlled corporation	359,013,556	28.67%	[**REDACTED**]	[**REDACTED**]
TPG Operating Group I, L.P.[4]	Interest in controlled corporation	359,013,556	28.67%	[**REDACTED**]	[**REDACTED**]
TPG Operating Group III, L.P[4]	Interest in controlled corporation	359,013,556	28.67%	[**REDACTED**]	[**REDACTED**]
TPG Holdings I-A, LLC[4]	Interest in controlled corporation	359,013,556	28.67%	[**REDACTED**]	[**REDACTED**]
TPG Holdings III-A, L.P.[4]	Interest in controlled corporation	359,013,556	28.67%	[**REDACTED**]	[**REDACTED**]
TPG Holdings III-A, LLC[4]	Interest in controlled corporation	359,013,556	28.67%	[**REDACTED**]	[**REDACTED**]
TPG Operating Group II, L.P.[4]	Interest in controlled corporation	359,013,556	28.67%	[**REDACTED**]	[**REDACTED**]
TPG Holdings II-A, LLC[4]	Interest in controlled corporation	359,013,556	28.67%	[**REDACTED**]	[**REDACTED**]
TPG GPCo, LLC[4]	Interest in controlled corporation	359,013,556	28.67%	[**REDACTED**]	[**REDACTED**]
TPG Group Holdings (SBS), L.P.[4]	Interest in controlled corporation	359,013,556	28.67%	[**REDACTED**]	[**REDACTED**]

		Shares held as of the date of this Document		Immediately after the [REDACTED]	
Name of shareholder	Nature of interest(1)	Number of Shares or securities held(2)	Approximate percentage of interest in our Company or our subsidiaries	Number of Shares or securities held(3)	Approximate percentage of interest in our Company or our subsidiaries(3)
TPG Group Holdings (SBS) Advisors, LLC(4)	Interest in controlled corporation	359,013,556	28.67%	[REDACTED]	[REDACTED]
TPG GP A, LLC(4)	Interest in controlled corporation	359,013,556	28.67%	[REDACTED]	[REDACTED]
DB CC, LLC(4)	Interest in controlled corporation	359,013,556	28.67%	[REDACTED]	[REDACTED]
JC GP, LLC(4)	Interest in controlled corporation	359,013,556	28.67%	[REDACTED]	[REDACTED]
David Bonderman(4)	Interest in controlled corporation	359,013,556	28.67%	[REDACTED]	[REDACTED]
James George Coulter(4)	Interest in controlled corporation	359,013,556	28.67%	[REDACTED]	[REDACTED]
The Rise Fund Finance I, L.P.(4)	Interest in controlled corporation	246,881,481	19.71%	[REDACTED]	[REDACTED]
The Rise Fund GenPar Advisors, LLC(4)	Interest in controlled corporation	246,881,481	19.71%	[REDACTED]	[REDACTED]
The Rise Fund GenPar, L.P.(4)	Interest in controlled corporation	246,881,481	19.71%	[REDACTED]	[REDACTED]
The Rise Fund (A), L.P.(4)	Interest in controlled corporation	246,881,481	19.71%	[REDACTED]	[REDACTED]
The Rise Fund Finance, Limited Partnership(4)	Interest in controlled corporation	246,881,481	19.71%	[REDACTED]	[REDACTED]
The Rise Fund Caramel, Limited Partnership(4)	Interest in controlled corporation	246,881,481	19.71%	[REDACTED]	[REDACTED]
The Rise Fund(4)	Beneficial owner	246,881,481	19.71%	[REDACTED]	[REDACTED]
TPG NQ HoldCo GP, Inc.(4)	Interest in controlled corporation	112,132,075	8.95%	[REDACTED]	[REDACTED]

		Shares held as of the date of this Document		Immediately after the [REDACTED]	
Name of shareholder	**Nature of interest(1)**	**Number of Shares or securities held(2)**	**Approximate percentage of interest in our Company or our subsidiaries**	**Number of Shares or securities held(3)**	**Approximate percentage of interest in our Company or our subsidiaries(3)**
TPG NQ HoldCo, L.P.(4)	Interest in controlled corporation	112,132,075	8.95%	[**REDACTED**]	[**REDACTED**]
NewQuest Partners Master G.P. Ltd.(4)	Interest in controlled corporation	112,132,075	8.95%	[**REDACTED**]	[**REDACTED**]
NewQuest Asia Fund IV GP Ltd.(4)	Interest in controlled corporation	112,132,075	8.95%	[**REDACTED**]	[**REDACTED**]
NewQuest Asia Fund IV, L.P.(4)	Interest in controlled corporation	112,132,075	8.95%	[**REDACTED**]	[**REDACTED**]
NewQuest(4)	Beneficial owner	112,132,075	8.95%	[**REDACTED**]	[**REDACTED**]
Ant Group(5)	Interest in controlled corporation	342,669,765	27.36%	[**REDACTED**]	[**REDACTED**]
Shanghai Yunju Venture Capital Co., Ltd.*(5)	Interest in controlled corporation	342,669,765	27.36%	[**REDACTED**]	[**REDACTED**]
API(5)	Beneficial owner	342,669,765	27.36%	[**REDACTED**]	[**REDACTED**]
Ontario Teachers' Pension Plan Board(6)	Interest in controlled corporation	198,948,020	15.89%	[**REDACTED**]	[**REDACTED**]
2833753 Ontario Limited(6)	Beneficial owner	198,948,020	15.89%	[**REDACTED**]	[**REDACTED**]
Temasek Holdings (Private) Limited(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[**REDACTED**]	[**REDACTED**]
Fullerton Fund Investments Pte. Ltd.(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[**REDACTED**]	[**REDACTED**]
Seletar Fund Investments Pte. Ltd.(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[**REDACTED**]	[**REDACTED**]
Temasek Capital (Private) Limited(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[**REDACTED**]	[**REDACTED**]

		Shares held as of the date of this Document		Immediately after the [REDACTED]	
Name of shareholder	Nature of interest(1)	Number of Shares or securities held(2)	Approximate percentage of interest in our Company or our subsidiaries	Number of Shares or securities held(3)	Approximate percentage of interest in our Company or our subsidiaries(3)
Seletar Investments Pte. Ltd.(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[REDACTED]	[REDACTED]
Aranda Investments Pte. Ltd.(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[REDACTED]	[REDACTED]
Teton Investments Pte. Ltd.(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[REDACTED]	[REDACTED]
Elden Investments Pte. Ltd.(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[REDACTED]	[REDACTED]
Temasek Trust Limited(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[REDACTED]	[REDACTED]
T Trust Capital Fund I VCC(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[REDACTED]	[REDACTED]
3PF Investments Pte. Ltd.(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[REDACTED]	[REDACTED]
ABC Impact Fund I LP(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[REDACTED]	[REDACTED]
ABC World Asia Master Fund I Pte. Ltd.(7)(8)	Interest in controlled corporation	118,427,054	9.46%	[REDACTED]	[REDACTED]
Linden Investments Pte. Ltd.(8)	Interest in controlled corporation	82,544,790	6.59%	[REDACTED]	[REDACTED]
Pavilion Capital Holdings Pte. Ltd.(8)	Interest in controlled corporation	82,544,790	6.59%	[REDACTED]	[REDACTED]
Pavilion Capital GP Pte. Ltd.(8)	Interest in controlled corporation	82,544,790	6.59%	[REDACTED]	[REDACTED]
PavCap I Feeder No. 1 LP(8)	Interest in controlled corporation	82,544,790	6.59%	[REDACTED]	[REDACTED]

		Shares held as of the date of this Document		Immediately after the [REDACTED]	
Name of shareholder	**Nature of interest(1)**	**Number of Shares or securities held(2)**	**Approximate percentage of interest in our Company or our subsidiaries**	**Number of Shares or securities held(3)**	**Approximate percentage of interest in our Company or our subsidiaries(3)**
PavCap Fund I(8)	Interest in controlled corporation	82,544,790	6.59%	[**REDACTED**]	[**REDACTED**]
Palace Investments Pte. Ltd.(8)	Interest in controlled corporation	82,544,790	6.59%	[**REDACTED**]	[**REDACTED**]
Impact Asia Pte. Ltd.(7)	Beneficial owner	35,882,264	2.87%	[**REDACTED**]	[**REDACTED**]
Impact Blossom Pte. Ltd.(8)	Beneficial owner	82,544,790	6.59%	[**REDACTED**]	[**REDACTED**]

Notes:

(1) All interests stated are long positions.

(2) The number of Shares held assumes that all of the Preferred Shares have been converted into the Shares on a one-to-one basis.

(3) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan.

(4) TPG is deemed to be interested in the 246,881,481 Shares and 112,132,075 Shares held by The Rise Fund and NewQuest, respectively, under the SFO.

Each of The Rise Fund Finance I, L.P. (as sole ordinary shareholder of The Rise Fund), The Rise Fund GenPar, L.P. (as a general partner of The Rise Fund Finance I, L.P.), The Rise Fund GenPar Advisors, LLC (as a general partner of The Rise Fund GenPar, L.P.), TPG Operating Group I, L.P. (as sole ordinary shareholder of The Rise Fund GenPar Advisors, LLC), TPG Holdings I-A, LLC (as a general partner of TPG Operating Group I, L.P.), TPG Operating Group II, L.P. (as the sole shareholder of TPG Holdings I-A, LLC), TPG Holdings II-A, LLC (as a general partner of TPG Operating Group II, L.P.), TPG GPCo, LLC (as a sole shareholder of TPG Holdings II-A, LLC), TPG Inc. (as a sole shareholder of TPG GPCo, LLC), TPG Group Holdings (SBS), L.P. (with 97% control of TPG Inc.), TPG Group Holdings (SBS) Advisors, LLC (as a general partner of TPG Group Holdings (SBS), L.P.) and TPG GP A, LLC (as a sole shareholder of TPG Group Holdings (SBS) Advisors, LLC) is deemed to be interested in the Shares held by The Rise Fund. TPG GP A, LLC is controlled by David Bonderman (through DB CC, LLC) and James George Coulter (through JC GP, LLC) as to 40% and 40%, respectively. Each of David Bonderman and James George Coulter disclaim beneficial ownership of the Shares held by The Rise Fund except to the extent of their pecuniary interest therein.

Each of NewQuest Asia Fund IV, L.P. (as sole ordinary shareholder of NewQuest), NewQuest Asia Fund IV GP Ltd. (as a general partner of NewQuest Asia Fund IV, L.P.), NewQuest Partners Master G.P. Ltd. (as the sole ordinary shareholder of NewQuest Asia Fund IV GP Ltd.), TPG NQ HoldCo, L.P. (as the sole ordinary shareholder of NewQuest Partners Master G.P. Ltd.), TPG NQ HoldCo GP, Inc. (as a general partner of TPG NQ HoldCo, L.P.), TPG Operating Group III, L.P. (as sole ordinary shareholder of TPG NQ HoldCo GP, Inc.), TPG Holdings III-A, L.P. (as a general partner of TPG Operating Group III, L.P.), TPG Holdings III-A, LLC (as a general partner of TPG Holdings III-A, L.P.), TPG Operating Group II, L.P. (as the sole shareholder of TPG Holdings III-A, LLC), TPG Holdings II-A, LLC (as a general partner of TPG Operating Group II, L.P.), TPG GPCo, LLC (as a sole shareholder of TPG

Holdings II-A, LLC), TPG Inc. (as a sole shareholder of TPG GPCo, LLC), TPG Group Holdings (SBS), L.P. (with 97% control of TPG Inc.), TPG Group Holdings (SBS) Advisors, LLC (as a general partner of TPG Group Holdings (SBS), L.P.) and TPG GP A, LLC (as a sole shareholder of TPG Group Holdings (SBS) Advisors, LLC) is deemed to be interested in the Shares held by NewQuest. TPG GP A, LLC is controlled by David Bonderman (through DB CC, LLC) and James George Coulter (through JC GP, LLC) as to 40% and 40%, respectively. Each of David Bonderman and James George Coulter disclaim beneficial ownership of the Shares held by the NewQuest except to the extent of their pecuniary interest therein.

(5) API is held as to 100% by Shanghai Yunju Venture Capital Co., Ltd.* (上海雲鉅創業投資有限公司), which in turn is a wholly-owned subsidiary of Ant Group.

(6) 2833753 Ontario Limited is held as to 100% by Ontario Teachers' Pension Plan Board.

(7) Impact Asia Pte. Ltd. ("**Impact Asia**") is wholly-owned by ABC World Asia Master Fund I Pte. Ltd., which is in turn wholly-owned by ABC Impact Fund I LP (the "**ABC Impact Fund**"). Each of 3PF Investments Pte. Ltd. ("**3PF**") and Seletar Fund Investments Pte. Ltd. ("**Seletar**") are limited partners of ABC Impact Fund and are deemed interested in the shares held by Impact Asia. Temasek Holdings (Private) Limited ("**Temasek**") is the indirect holding company of 3PF and Seletar, and accordingly is deemed interested in the shares held by Impact Asia. The general partner of ABC Impact Fund is ABC Impact GP I Pte. Ltd.. Seletar is a wholly-owned subsidiary of Fullerton Fund Investments Pte. Ltd., which is in turn a wholly-owned subsidiary of Temasek. Elden Investments Pte. Ltd. ("**Elden**") is a wholly-owned subsidiary of Teton Investments Pte. Ltd. ("**Teton**"), which is in turn a wholly-owned subsidiary of Aranda Investments Pte. Ltd. ("**Aranda**"). Aranda is a wholly-owned subsidiary of Seletar Investments Pte. Ltd. ("**Seletar Investments**"), which is in turn a wholly-owned subsidiary of Temasek Capital (Private) Limited ("**Temasek Capital**"). Temasek Capital is a wholly-owned subsidiary of Temasek. While Seletar and its holding companies are Temasek investment holding companies, Impact Asia, ABC Impact Fund and 3PF ("**ABC Fund Entities**") are independently-managed from Temasek. Temasek is not involved in the business or operating decisions of the ABC Fund Entities, including their decisions in relation to the Company.

(8) Impact Blossom Pte. Ltd. is held as to 50.4% by Palace Investments Pte. Ltd. and 49.6% by ABC World Asia Master Fund I Pte. Ltd.. Palace Investments Pte. Ltd. is an investment holding company, and is a wholly-owned subsidiary of PavCap Fund I, which is in turn a wholly-owned subsidiary of PavCap I Feeder No. 1 LP. PavCap I Feeder No. 1 LP is solely controlled by Pavilion Capital GP Pte. Ltd., which in turn is a wholly-owned subsidiary of Pavilion Capital Holdings Pte. Ltd. ("**Pavilion Capital**"). Pavilion Capital is a wholly-owned subsidiary of Linden Investments Pte. Ltd. which is in turn a wholly-owned subsidiary of Fullerton Fund Investments Pte. Ltd., which in turn is a wholly-owned subsidiary of Temasek. Pavilion Capital and its subsidiaries are independently-managed. Temasek is not involved in the business or operating decisions of these companies, including their decisions in relation to the Company. For more details on ABC World Asia Master Fund I Pte. Ltd., please refer to footnote (7) above.

Save as disclosed above and in the section headed "Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Disclosure of Interests" in Appendix IV to this document, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**], have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 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 any other member of the Group.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized share capital of our Company as of the Latest Practicable Date and the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the [**REDACTED**].

As of the Latest Practicable Date, our authorized share capital is US$50,000 divided into 10,000,000,000 shares comprising (i) 8,747,734,269 ordinary shares with par value of US$0.000005 each, (ii) 29,600,894 series A preferred shares with par value of US$0.000005 each, (iii) 262,963,915 series B preferred shares with par value of US$0.000005 each, (iv) 333,221,877 series C preferred shares with par value of US$0.000005 each, (v) 363,867,659 series C+ preferred shares with par value of US$0.000005 each and (vi) 262,611,386 series D preferred shares with par value of US$0.000005 each. Our issued share capital consists of (i) 29,600,894 Series A Preferred Shares; (ii) 262,963,915 Series B Preferred Shares; (iii) 333,221,877 Series C Preferred Shares; (iv) 363,867,659 Series C+ Preferred Shares; and (v) 262,611,386 Series D Preferred Shares.

The Preferred Shares will be converted into the Shares on a one-to-one basis by way of re-designation before the [**REDACTED**].

Assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan, the share capital of our Company immediately following completion of the [**REDACTED**] will be as follows:

Description of Shares	**Number of Shares**	**Aggregate nominal value of Shares** *(US$)*	**Approximate percentage of issued share capital** *(%)*
Shares in issue (including the Shares upon re-designation of the Preferred Shares)	1,252,265,731	6,261.33	[**REDACTED**]
Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Assuming the [**REDACTED**] is exercised in full and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan, the share capital of our Company immediately following completion of the [**REDACTED**] will be as follows:

Description of Shares	**Number of Shares**	**Aggregate nominal value of Shares** *(US$)*	**Approximate percentage of issued share capital** *(%)*
Shares in issue (including the Shares upon re-designation of the Preferred Shares)	1,252,265,731	6,261.33	[**REDACTED**]
Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Shares to be issued upon the [**REDACTED**] being exercised in full	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

ASSUMPTIONS

The above table assumes that the [**REDACTED**] becomes unconditional and the Shares are issued pursuant to the [**REDACTED**], and that the Preferred Shares are converted into the Shares on a one-to-one basis. The above does not take into account any shares to be issued under the 2020 Equity Incentive Plan or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

SHARE INCENTIVE SCHEME

We have adopted the 2020 Equity Incentive Plan. The principal terms of the 2020 Equity Incentive Plan are summarized in the section headed "Statutory and General Information—D. Share Incentive Schemes" in Appendix IV to this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of our Memorandum and Articles of Association, our Company may from time to time by ordinary resolution (i) increase its share capital by the creation of new shares of such amount and with such rights, priorities and privileges attached to such shares as the members may determine; (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; (iii) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (iv) cancel any shares which, as at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. In addition, our Company may reduce its share capital or any capital redemption reserve by special resolution subject to the provisions of the Cayman Companies Act. For more details, please see "Summary of the Constitution of the Company and the Company Laws of the Cayman Islands—2. Articles of Association—2.1 Shares—(c) Alteration of Capital" in Appendix III.

Pursuant to the Cayman Companies Act and the terms of our Articles of Association, if at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the shares of that class present and voting in person or by proxy at a separate general meeting of such holders. For more details, please see "Summary of the Constitution of the Company and the Company Laws of the Cayman Islands—2. Articles of Association—2.1 Shares—(b) Variation of rights of existing shares or classes of shares" in Appendix III.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the conditions stated in "Structure of the [**REDACTED**]—Conditions of the [**REDACTED**]", our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of these general mandate, please see "Statutory and General Information—A. Further Information About our Group—3. Resolutions in Writing of the Shareholders of Our Company Passed on [●]" in Appendix IV of this document.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to this document and in particular, "Business."

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this document.

We have prepared our consolidated financial statements in accordance with IFRS Accounting Standards. Our fiscal year ends on December 31 and for the purpose of this section, unless the context otherwise requires, references to 2021 and 2022 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading integrated services provider to China's rural population. We empower small-scale farmers and small rural business owners with comprehensive, technology-driven products and services, including rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services. Over nearly 30 years, our business has achieved considerable scale by building upon our extensive local service network deeply rooted in China's rural areas as well as technology-enabled service excellence. As of September 30, 2023, our footprint spanned more than 100,000 villages across nearly 500 counties in 21 provincial-level regions in China, covering a rural population of nearly 200 million. As of the same date, our local service network was comprised of nearly 500 branches across China, with 6,400 employees in cooperation with 118,000 village-level partners who are close to customers. We are the largest non-traditional financial institution targeting China's rural market in terms of total loan balance as of December 31, 2022, according to the Frost & Sullivan Report. We are also the largest e-commerce platform for agricultural inputs and equipment targeting China's rural market, in terms of GMV in 2022, according to the same source.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations have been, and are expected to continue to be, materially affected by a number of key factors, including the following:

Our Ability to Grow Customer Base and Increase Customer Engagement

Our abilities to grow customer base and increase customer engagement are critical to our revenue growth. The number of our transacting customers grew from 1,082 thousand in 2021 to 1,128 thousand in 2022, and from 863 thousand for the nine months ended September 30, 2022 to 1,044 thousand for the nine months ended September 30, 2023. The growth in the number of our transacting customers during the Track Record Period was driven by various factors, such as an expansion in customer base as we enter into new regions and open new branches, continuous customer acquisition and retention in our existing markets, launch of new products and services that cater to evolving customer demand and increase cross selling. Our omni-channel model, through fully integrating online and offline operations, enables us to effectively acquire and retain customers and increase customer engagement on our platform. We have established our unique on-the-ground service capabilities which consist of local operation teams and village-level partners. They engage in in-person communications and services with our customers, which plays a vital role in identifying customer needs, winning customer trust, acquiring and retaining customers relationship and promoting our products and services. We also attract customers and increase customer engagement through our online platform, where they can access our various products and services. In addition to paid services, we also offer free agricultural knowledge-sharing services and other free value-added services which bring convenience to our customers' agricultural production and daily life and enhance their trust and loyalty in us. Furthermore, we engage our customers through short videos and livestreaming on social media platforms such as *Douyin* and *Kuaishou*.

The expansion of our customer base and increase of customer engagement drove our transaction volume during the Track Record Period, which is evidenced by the operating metrics as set forth in the tables below, and in turn, contributed to our revenue growth. In 2021, 2022 and the nine months ended September 30, 2022 and 2023, our total revenue were RMB2,223.9 million, RMB2,429.2 million, RMB1,857.6 million and RMB2,272.0 million, respectively.

		For the Year Ended December 31,		For the Nine Months Ended September 30,	
Our Business	**Operating Metrics**	**2021**	**2022**	**2022**	**2023**
Agricultural production services	GMV (in RMB millions)	419.8	961.9	801.8	1,079.1
Rural consumer goods and services-consumer retail services	GMV (in RMB millions)	24.2	185.1	147.1	235.3
Rural consumer goods and services-digital insurance distribution services	Gross written premium (in RMB millions)	258.3	259.8	178.5	201.4

		As of December 31,		As of September 30,
Our Business	**Operating Metrics**	**2021**	**2022**	**2023**
Rural inclusive credit services	Outstanding Balance (in RMB millions)	14,981.3	15,157.6	17,634.5
Rural clean energy services	Installed capacity (MW)	N/A	2.4	8.9

Economic Conditions, Regulatory Environment and Interest Rate Environment in China

Our business growth is dependent upon overall government policies and economic conditions in China. Over the years, the Chinese government has issued various policies supporting the development of "three rural", which drives the overall growth in our agricultural production services and rural consumer goods and services. The regulatory environment of our various business lines is developing and evolving, creating both challenges and opportunities that could affect our financial performance. We will continue to make efforts to ensure that we are compliant with the laws, regulations and governmental policies relating to our industry and actively respond to the policy directions encouraged by the relevant regulators and government authorities to further grow our business.

General economic condition may affect customers' willingness to apply for loans, abilities to repay and as well as make additional spending. For example, a slowdown in the economy may result in a decrease in rural households' disposable income, which may adversely affect their repayment abilities and their spending power in procuring agricultural inputs, equipment and consumer goods.

In addition, our revenue from rural inclusive credit services is affected by interest rate environment in China. Rural inclusive credit services are one of our key services offered to our customers. In the nine months ended September 30, 2023, revenue from rural inclusive credit services, accounted for 65.0% of our total revenue. Revenue from rural inclusive credit services is affected by interest rates which in turn depend on a number of factors, such as changes in China's and international political and economic conditions, as well as the PRC government's policies and regulations over the financial, microcredit and technology industry. Changes in market interest rates will affect the interest rates of our rural inclusive credit products, our funding costs and customers' willingness to obtain credits, which will in turn affect our revenue.

Our Ability to Manage the Credit Performance of Our Loan Portfolio

Rural inclusive credit services constitute a substantial part of our business. We offer rural inclusive credit services that are funded through our microcredit companies and trust plans set up by a trust company we collaborate with, which we record as on-balance sheet loans. We also facilitate loans funded by commercial banks that we partner with, which we record as off-balance sheet loans. The credit performance of our on-balance sheet loans primarily impact our interest revenue and the credit performance of our off-balance sheet loans primarily affect our commission revenue and our abilities to offer attractive returns to our partner banks, which in turn affect their willingness to collaborate with us. In the past, we have demonstrated good credit risk management capabilities, from credit assessment to post loan servicing and management. The D30+ and D90+ delinquency ratio of the outstanding balance of loans obtained through our platform was 1.83% and 1.38% as of September 30, 2023, respectively. This has been attributed to our local operation teams that possess deep understanding of the local markets and the customers they serve, our purpose-built digital tools and our solid data and technological infrastructure.

Our Ability to Collaborate with Ecosystem Participants and Maintain Sustainability

The sustainability of our business depends on our ability to attract, diversify and maintain our ecosystem participants. We partner with financial institutions to provide rural inclusive credit services to our customers. As of September 30, 2023, loans funded by our partner financial institutions accounted for 42.8% of total outstanding balance of loans obtained through our platform. Our ability to collaborate with reliable partner financial institutions impacts our ability to provide attractive credit solutions to our customers and therefore our profitability. In addition, we also cooperate with funding providers, such as domestic commercial banks and international financial institutions, to address our financing needs. We collaborate with agricultural experts and technicians to introduce optimized agricultural inputs and equipment solutions and partner with leading manufacturers and merchants of agricultural inputs and equipment to serve the local markets. We also cooperate with and attract third-party manufacturers and merchants to offer selected, value-for-money products as part of our consumer retail services. In addition, we act as an insurance agency to distribute insurance products underwritten by our partner insurance companies, where in some cases we help insurance companies customize insurance products based on our insights to rural customers' needs. We also cooperate with power grid companies and contractors to offer rural clean energy services. As of September 30, 2023, we had six partner banks, one partner trust company, 48 partner insurance companies and over 3,100 partner manufacturers and merchants.

We have amassed a large customer base with our long operating history in rural communities. Such large customer base attracts more participants to join in our ecosystem. By expanding collaboration with our ecosystem participants, we are well-positioned to obtain sufficient funding for our rural inclusive credit services, offer quality agricultural inputs and equipment and consumer goods at reasonable prices and distribute suitable insurance products, which will in turn increase our customer base, enhance customer engagement and further fuel our business growth.

Our Ability to Continue Innovating

Innovation is deeply rooted in our DNA. We have been a pioneer in exploring and developing sustainable business model to deliver comprehensive services in China's rural market. We offer accessible and affordable rural inclusive credit services to small-scale farmers as well as small rural business owners that used to be underserved by traditional financial institutions and Internet finance platforms. Started in 2019, we launched agricultural production services, through which we leveraged our insights into the demand of the rural market and expertise in agricultural technology to empower rural customers throughout the entire agricultural production cycle, from offering suitable agricultural inputs and equipment solutions, to tailored farming technology management services covering end-to-end agricultural production process, and ultimately, sale of agricultural products. In 2021, we launched consumer retail services to offer green durables and other consumer goods for our customers, further diversifying our revenue sources. In the same year, we also introduced *Little Whale (小鯨向海)* platform, our online insurance distribution platform, to rural customers. In 2022, we initiated our rural clean energy services, in which we popularize the deployment and utilization of household distributed PV projects in the rural market while benefiting our rural customers with additional income. Revenue from our services other than rural inclusive credit services contributed to 35.0% of our revenue in the nine months ended September 30, 2023, a significant increase from 26.7% in the same period in 2022.

We keep investing in technologies including AI and big data, and have developed proprietary technological capabilities, especially those tailored to the features of rural markets and demands of rural customers in China. This helps us to better serve our customers and empower our ecosystem participants, and lays a foundation for us to continuously launch new products and services. In 2021, 2022 and the nine months ended September 30, 2022 and 2023, we incurred research and development expenses of RMB67.7 million, RMB84.3 million, RMB63.5 million and RMB77.4 million, respectively. In the future, we will continue to invest in innovation on our business model, product and service offerings, and technologies to further improve our service efficiency and effectiveness.

Our Ability to Manage Costs and Expenses

We incur various costs and expenses in the course of business operations. Our cost of sales primarily consist of the procurement, logistics, commissions and/or other costs to support our agricultural production services, rural consumer goods and services and rural clean energy services. Our rural credit inclusive services require external funding, which incurs interest and commission expenses recognized on our consolidated statements of profit or loss as a contra item to the interest and commission income. We also invest in customer acquisition, promotion of our products and services, research and development of technologies to empower to our business operations as well as the general administration of our day-to-day operations. Our abilities to obtain funding for our rural inclusive credit services at optimal cost, procure goods and services from third party manufacturers, suppliers and service providers at reasonable prices, improve overall marketing and operational efficiency, and achieve economy of scale will impact our overall results of operations.

SEASONALITY

Overall, the impact of seasonality on our overall business has been relatively mild due to our diversified products and services offerings, while certain business segments may experience some level of seasonality from time to time. Due to the seasonality of agricultural production activities, our agricultural production services generally receive a higher order volume of agricultural inputs and equipment in the first quarter and the fourth quarter, which are then recognized as our revenue in the second quarter of the year and first quarter of the following year. As a result, we generally record a higher revenue for agricultural production services segment in the first quarter and second quarter. For our rural credit inclusive services, we generally record higher transaction volume for the prior months leading to Chinese New Year holiday and less transaction volume during the Chinese New Year holiday season in the first quarter of the year. As the demand for our rural credit inclusive services is partly driven by the demand for agricultural production, its seasonality is also affected by the seasonality of agricultural production services. The seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results. For further information, see "Risk Factors—Risks Relating to Our Business and Industry—Our business operations may be subject to seasonality."

IMPACT OF COVID-19

Due to the COVID-19 pandemic, we experienced certain disruptions in some of our services. The outstanding balance of loans obtained through our platform was adversely affected by the COVID-19 pandemic. In addition, various borrowers were directly or indirectly affected by the COVID-19 pandemic, which resulted in higher delinquency rate for rural credits obtained through our platform. Our D30+ delinquency rate and D90+ delinquency rate increased from 1.36% and 1.01% as of December 31, 2021 to 2.27% and 1.58% as of December 31, 2022, respectively. Our agricultural production services and rural consumer goods and services were also adversely affected by the COVID-19 pandemic due to the restrictive measures and travel restrictions during the COVID-19 outbreak.

We have resumed normal business operations and our business gradually recovered from the negative impacts of the COVID-19 pandemic in 2023. Our D30+ delinquency rate and D90+ delinquency rate decreased from 2.27% and 1.58% as of December 31, 2022 to 1.83% and 1.38% as of September 30, 2023, respectively, which are both below industry average, according to the Frost & Sullivan Report. The GMV of agricultural production services and consumer retail services increased from RMB801.8 million and RMB147.1 million in the nine months ended September 30, 2022 to RMB1,079.1 million and RMB235.3 million in the same period ended September 30, 2023, respectively.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating 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 results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments in the preparation of our financial statements. Please see Notes 2 and 3 to the Accountants' Report in Appendix I to this document for details about our material accounting policies, estimates, assumptions and judgments.

Basis of Preparation

Our historical financial information has been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**"). Further details of the material accounting policies adopted are set out in Note 2 to the Accountants' Report included in Appendix I to this document.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing and presenting our historical financial information, we have consistently applied all applicable new and revised IFRS Accounting Standards throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2023. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning January 1, 2023 are set out in Note 34 to the Accountants' Report included in Appendix I to this document.

Our historical financial information also complies with the applicable disclosure provisions of the Listing Rule. We have applied our accounting policies consistently to all periods presented in our historical financial information.

Revenue

We classify income as revenue when it arises from the provision of rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services in the ordinary course of our business.

Further details of our revenue and other income recognition policies are as follows:

Rural Inclusive Credit Services

Our rural inclusive credit services represent our provision of financial solutions to customers through loans and advances, in return for interest and commission income.

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortized cost or fair value through other comprehensive income (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost of the asset.

We recognize commission income when the group satisfies the service/performance obligation by transferring the promised service to customers. We recognize the commission income only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Agricultural Production Services

Our agricultural services mainly represent the sales of merchandise (such as agricultural inputs, equipment and other agricultural products) to our customers.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to us, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. We take advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Revenue from sales of merchandise and related costs is recognized on a gross basis when we act as a principal. Revenue is recognized at the point in time when the control of the merchandise has been delivered, being when the goods are delivered and accepted.

Rural Consumer Goods and Services

Our rural consumer goods and services mainly represent our online consumer retail services and digital insurance distribution services.

Online consumer retail services represents the sales of merchandises, which is accounted for on a similar basis as to our agricultural production services.

Revenue from digital insurance distribution services mainly represents commissions earned from partner insurance companies for the insurance products we distribute, determined based on a percentage of premiums paid by the policy holder. The agency fee rate is based on the terms specified in the service contract with the insurance company for each product sold through us. We determined that the insurance company, or the insurer, is our customer in this agreement. Insurance agency related service revenue is recognized when the signed insurance policy is in place and we have a present right to payment from the insurer since we have fulfilled our performance obligation to sell an insurance policy on behalf of the insurance company.

Dividends

Dividends income from equity investments is recognized when the investor's right to receive payment is established.

Government Grants

Government grants are recognized in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss over the useful life of the assets.

Income from Financial Guarantees Issued

Income from financial guarantees issued is recognized over the term of the guarantees.

Financial Instruments

Recognition and Initial Measurement

Financial instruments are recognized/derecognized on the date we commit to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognized directly in profit or loss. For an explanation of how the we determine fair value of financial instruments, see Note 31 to the Accountants' Report included in Appendix I to this document. These investments are subsequently accounted for as follows, depending on their classification.

Classification and Subsequent Measurement

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (the "**SPPI**").

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

For equity investment not held for trading, we may irrevocably designate it as financial asset at fair value through other comprehensive income upon initial recognition. The designation is made on an individual basis and the investment is in line with the definition of the equity instrument from the issuer's perspective.

All other financial assets are classified as measured at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the we change our business model for managing financial assets.

Subsequent measurement of financial assets

Financial assets at fair value through profit or loss

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless the financial assets are part of a hedging relationship.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize impairment gains or losses.

Debt investments at fair value through other comprehensive income

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at fair value through other comprehensive income

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

Classification and subsequent measurement of financial liabilities

We classify financial liabilities into financial liabilities at amortized cost, which are subsequently measured at amortized cost using the effective interest method.

Derecognition

Financial assets

We derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or we transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which we neither transfer nor retain substantially all of the risks and rewards of ownership and we do not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Financial liabilities

We derecognize a financial liability when its contractual obligations are discharged or canceled, or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, we currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Credit Losses and Impairment of Assets

We recognize a loss allowance for expected credit losses (the "**ECLs**") on the following items:

- financial assets measured at amortized cost (including cash and cash equivalents, loans and advances to customers, financial investments measured at amortized cost, trade receivables and other receivables); and

- credit commitments.

Financial assets measured at fair value through profit or loss and equity securities designated at fair value through other comprehensive income (non-recycling) are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to us in accordance with the contract and the cash flows that we expect to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to us if the holder of the loan commitment draws down on the loan and (ii) the cash flows that we expect to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate;

- finance lease receivables: discount rate used in the measurement of the finance lease receivable;

- credit commitments: current risk-free rate adjusted for risks specific to the cash flows

The maximum period considered when estimating ECLs is the maximum contractual period over which we are exposed to credit risk.

In measuring ECLs, we take into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade and other receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on our historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, we recognize a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, we compare the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, we consider that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to us in full, without recourse by us to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. We consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to us.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that we become a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, we consider changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. We recognize an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognized is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less allowance for impairment losses) of the financial asset.

At each reporting date, we assess whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when we determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognized at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with our policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss.

Subsequent to initial recognition, the amount initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued.

We monitor the risk that the specified debtor will default on the contract and recognizes a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognized, less accumulated amortization).

To determine ECLs, we consider changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured.

As we are required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that we expect to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

Fair Value Measurement

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, it is the current asking price. The quoted prices from an active market are prices that are readily and regularly available from an exchange, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each reporting period. Where other pricing models are used, inputs are based on market data at the end of each reporting period.

In estimating the fair value of a financial asset and financial liability, we consider all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

We obtain market data from the same market where the financial instrument was originated or purchased.

Information about Level 3 Fair Value Measurements

The redeemable preferred shares are not traded in an active market and their fair value is determined by using valuation techniques. As their fair value is measured using significant unobservable inputs, such financial liabilities are categorized as level 3 instruments. In relation to the valuation of these level 3 instruments, our Directors have (i) reviewed the terms of agreements relating to such instruments, (ii) engaged an independent valuer to perform valuations for such instruments, (iii) provided necessary financial and non-financial information to the valuer and discussed with the valuer on relevant assumptions, (iv) carefully considered all information inputs, especially non-market-related information, such as risk free rate and expected volatility, which required management assessment and estimates, and (v) reviewed the valuation reports prepared by the valuer.

The movement for the redeemable preferred shares in level 3 fair value measurements is disclosed in Note 27 to the Accountants' Report in Appendix I to this document.

During the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023, there were no changes in valuation technique for the Group's financial instruments.

LOAN PERFORMANCE DATA

Delinquency

We define delinquency rate by balance as (i) outstanding principal balance of loans that were over 30 or 90 calendar days past due (excluding loans that were written off) divided by (ii) total outstanding principal balance of loans (excluding loans that were written off) obtained through our platform as of a specific date.

The following chart illustrates the historical delinquency rate by balance of loans obtained through our platform as of December 31, 2021, 2022 and September 30, 2023. As of September 30, 2023, our D30+ and D90+ delinquency rate was 1.83% and 1.38%, respectively, both of which were below industry average. The D30+ and D90+ delinquency rate both increased from 2021 to 2022, primarily due to the impact from COVID-19 pandemic.

	As of December 31,		As of September 30,
	2021	2022	2023
D30+ delinquency rate	1.36%	2.27%	1.83%
D90+ delinquency rate	1.01%	1.58%	1.38%

SUMMARY OF FINANCIAL RESULTS

The following table sets forth a summary of our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenues for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)							
					(unaudited)			
Revenue from rural inclusive credit services	1,661,458	74.7	1,834,912	75.5	1,361,655	73.3	1,477,518	65.0
Revenue from agricultural production services	377,515	17.0	417,471	17.2	372,909	20.1	621,380	27.3
Revenue from rural consumer goods and services	184,885	8.3	176,172	7.3	122,954	6.6	169,532	7.5
Revenue from rural clean energy services	–	–	656	*	52	*	3,579	0.2
Total revenue	2,223,858	100.0	2,429,211	100.0	1,857,570	100.0	2,272,009	100.0
Cost of sales	(488,696)	(22.0)	(516,484)	(21.3)	(449,495)	(24.2)	(683,288)	(30.1)
Sales and marketing expenses	(689,777)	(31.0)	(773,043)	(31.8)	(566,160)	(30.5)	(695,551)	(30.6)
General and administrative expenses	(267,468)	(12.0)	(278,335)	(11.5)	(181,735)	(9.8)	(180,193)	(7.9)
Research and development expenses	(67,676)	(3.0)	(84,289)	(3.5)	(63,496)	(3.4)	(77,449)	(3.4)
Changes in fair value of derivative financial instruments	(19,923)	(0.9)	40,448	1.7	59,800	3.2	50,444	2.2
Changes in fair value of redeemable preferred shares	(491,181)	(22.1)	(635,458)	(26.2)	(623,467)	(33.6)	(86,768)	(3.8)
Net foreign exchange gain/(loss)	30,821	1.4	(95,171)	(3.9)	(113,151)	(6.1)	(39,156)	(1.7)
Impairment losses	(186,696)	(8.4)	(255,052)	(10.5)	(186,865)	(10.1)	(191,278)	(8.4)
Other net income	9,519	0.4	38,026	1.6	43,172	2.3	25,785	1.1
Profit/(loss) before taxation	52,781	2.4	(130,147)	(5.4)	(223,827)	(12.0)	394,555	17.4
Income tax expense	(89,219)	(4.0)	(69,085)	(2.8)	(51,259)	(2.8)	(64,069)	(2.8)
(Loss)/profit for the year/period	(36,438)	(1.6)	(199,232)	(8.2)	(275,086)	(14.8)	330,486	14.5

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)							
					(unaudited)			
Attributable to:								
Shareholders of the Company	(36,637)	(1.6)	(198,873)	(8.2)	(274,913)	(14.8)	329,597	14.5
Non-controlling interests	199	*	(359)	*	(173)	*	889	*
Non-IFRS measures								
Adjusted net profit(1)	506,464	22.8	472,562	19.5	377,178	20.3	452,839	19.9
Attributable to:								
Shareholders of the Company	506,265	22.8	472,921	19.5	377,351	20.3	451,950	19.9
Non-controlling interests	199	*	(359)	*	(173)	*	889	*

Notes:

(1) Please see "—Non-IFRS Measures" for details about unaudited adjusted net profit.

* less than 0.1%

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Operating segments, and the amounts of each segment item reported in the our financial results, are identified from the financial information provided regularly to our most senior executive management for the purposes of allocating resources to, and assessing the performance of, our various lines of business and geographical locations. Based on our evaluation of various factors such as economic characteristics, nature of products and services, we identified four material reporting segments: rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services.

Total Revenue

During the Track Record Period, we generated revenues from four main operating segments: rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services. We started to offer rural inclusive credit services since 2008, and agricultural production services in 2019. We started to offer our rural consumer goods and services since 2021 and rural clean energy services since the third quarter of 2022. Rural inclusive credit services is currently the largest segment by revenue contribution, accounting for 74.7%, 75.5%, 73.3% and 65.0% of our total revenues in 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. During the same periods, agricultural production services accounted for 17.0%, 17.2%, 20.1% and 27.3% of our total revenues and rural consumer goods and services accounted for 8.3%, 7.3%, 6.6% and 7.5% of our total revenues, respectively. Rural clean energy services accounted for less than 1% of our total revenues during the Track Record Period as it was only launched in the third quarter of 2022.

The following table sets forth segment revenues both in absolute amount and as a percentage of our total revenues for the periods presented. Please see Note 30 to the Accountants' Report included in Appendix I to this document for further details.

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)							
					(unaudited)			
Revenue from rural inclusive credit services	1,661,458	74.7	1,834,912	75.5	1,361,655	73.3	1,477,518	65.0
Revenue from agricultural production services	377,515	17.0	417,471	17.2	372,909	20.1	621,380	27.3
Revenue from rural consumer goods and services	184,885	8.3	176,172	7.3	122,954	6.6	169,532	7.5
Revenue from rural clean energy services	–	–	656	*	52	*	3,579	0.2
Total revenues	2,223,858	100.0	2,429,211	100.0	1,857,570	100.0	2,272,009	100.0

* less than 0.1%

Rural inclusive credit services

Revenue from rural inclusive credit services segment is primarily derived from (i) the interest and commission income from our on-balance sheet loans and advances to our customers, net of interest and commission expenses and (ii) loan facilitation income from off-balance sheet loans which is facilitated through our platform. We charge commissions in two models. For certain loans that we facilitate, we charge a fixed-rate and non-refundable base service fee for referral services and an excess service fee for the credit performance of the loans referred. The excess service fee is variable and recognized as revenue according to the best estimate of the risk profile of the relevant underlying assets. For others, we only charge a fixed-rate service fee. Our revenue from rural inclusive credit services segment is primarily driven by (i) the outstanding balance of loans, (ii) the interest rate of our on-balance sheet loans and costs incurred to obtain financing and (iii) service fees charged on our off-balance sheet loans.

Agricultural production services

We primarily generate revenue from agricultural inputs and equipment solutions, farming technology management services and sales of agricultural products. For our agricultural inputs and equipment solutions, we generate revenue from (i) selling agricultural inputs and equipment that we procure from our partner manufacturers in volume to small-scale farmers and small rural business owners under the self-operating model and (ii) commission income charged from merchants or manufacturers for agricultural inputs and equipment sold on our platform under the marketplace model. For our farming technology management services, we generate revenue from fees paid by our customers for integrated services based on the size of farmland and types of crops. For sales of agricultural products, we generate revenue by purchasing agricultural products from small-scale farmers and small rural business owners and reselling such products to agricultural manufacturers. Revenue from agricultural production services segment is primarily driven by the expansion of our agricultural inputs and equipment solutions, farming technology management services and the sale of agricultural products, which is largely driven by the number of transacting customers, manufacturers, merchants and products sold on our platform.

Rural consumer goods and services

Revenue from rural consumer goods and services segment is primary derived from (i) the sale of green consumer durables and other consumer goods through our platform under the self-operating model, (ii) the commission income charged from merchants for goods sold on our platform under the marketplace model and (iii) commission from our partner insurance companies for the insurance products distributed by us. Revenue from rural consumer goods and services segment is primarily driven by (i) the number of transacting customers, manufacturers, merchants and merchandise sold on our platform and (ii) insurance products distributed and gross written premiums.

Rural clean energy services

Revenue from rural clean energy services segment is primarily derived from (i) the sale of electricity generated from our PV modules to local grid companies and (ii) services fees charged for our development, construction and maintenance services to third-party distributed PV projects. Revenue from rural clean energy services segment is primarily driven by the number and scale of our PV projects, the price of electricity and demands of third parties for contracting services.

Cost of Sales

Our cost of sales represents the cost arising from our agricultural production services, rural consumer goods and services and rural clean energy services. Since the revenue from rural inclusive credit services comprises interest and commission income as well as loan facilitation income, net of interest and commission expenses, such expenses are not included in our cost of sales. The increase in cost of sales during the Track Record Period reflected the growth of our business. The following table sets forth our cost of sales by segment both in absolute amount and as a percentage of total cost of sales for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)							
					(unaudited)			
Agricultural production services	360,976	73.9	400,986	77.6	357,513	79.5	575,171	84.2
Rural consumer goods and services	127,720	26.1	115,001	22.3	91,958	20.5	106,456	15.6
Rural clean energy services	–	–	497	0.1	24	*	1,661	0.2
Total	488,696	100.0	516,484	100.0	449,495	100.0	683,288	100.0

* less than 0.1%

The cost of sales relating to agricultural production services primarily consist of (i) procurement costs primarily relating to our purchase of agricultural inputs, equipment and products, (ii) logistics costs primarily relating to the services fees paid to third-party logistics companies and (iii) commissions in relation to sales of our agricultural inputs and equipment as well as agricultural products.

Rural consumer goods and services consist of consumer retail services and digital insurance distribution services. The cost of sales of consumer retail services primarily consist of (i) procurement costs primarily relating to our purchase of green durables and other consumer goods, (ii) logistics costs primarily relating to the services fees paid to third-party logistics companies and (iii) commissions in relation to sales of merchandise on our platform. The cost of sales of digital insurance distribution services primarily consist of commissions paid to individual insurance agents and other promotional service fees.

The cost of sales relating to rural clean energy services primarily consist of (i) expenses for purchasing PV modules, (ii) service fees paid to third-party contractors for installation of our PV modules, (iii) depreciation expenses of PV modules and (iv) rental fees paid to rural residents who rent their rooftops to us.

Gross Profit and Gross Margin

The following table sets forth our gross profit by business segment both in absolute amounts and as percentages of respective revenue, or gross margin, for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)							
					(unaudited)			
Agricultural production services	16,539	4.4	16,485	3.9	15,396	4.1	46,209	7.4
Rural consumer goods and services	57,165	30.9	61,171	34.7	30,996	25.2	63,076	37.2
Rural clean energy services	–	–	159	24.2	28	53.8	1,918	53.6

Sales and Marketing Expenses

Our sales and marketing expenses are comprised of (i) staff cost, primarily consisting of compensation to our sales and marketing employees, (ii) marketing and promotion expenses, (iii) depreciation and amortization costs primarily in relation to depreciation of fixed assets of our local branches, and (iv) other expenses such as office expenses, hospitality expenses, travel expenses, service fees paid to third party consultants and leasing expenses.

Employees of sales and marketing function consist of our local operation teams, who are crucial to our business operations. They are local talents with deep understandings of rural communities and well positioned to build trust with our customers, identify and fulfill their needs and ultimately help us scale up our business.

The following table sets forth a breakdown of our sales and marketing expenses for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)							
					(unaudited)			
Staff cost	558,592	81.0	645,943	83.6	482,540	85.2	589,020	84.7
Marketing and promotion expenses	36,984	5.4	29,788	3.9	14,392	2.5	30,264	4.4
Depreciation and amortization cost	36,127	5.2	35,281	4.6	26,530	4.7	26,854	3.9
Others	58,074	8.4	62,031	8.0	42,698	7.5	49,413	7.1
Total	689,777	100.0	773,043	100.0	566,160	100.0	695,551	100.0

General and Administrative Expenses

General and administrative expenses primarily consist of (i) staff cost, primarily consisting of compensation to employees of general corporate functions, (ii) travel expenses incurred from business trips of our employees of general corporate function, (iii) professional service expenses, primarily consisting fees paid to professional financial, legal, accounting, market research and other service providers in connection with transactions such as the [**REDACTED**] investments, acquisitions and the [**REDACTED**], (iv) depreciation and amortization costs primarily in relation to our fixed assets and intangible assets and (v) other expenses such as office expenses, hospitality expenses, service fees paid to third-party consultants and leasing expenses.

The following table sets forth a breakdown of our general and administrative expenses for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)				*(unaudited)*			
Staff cost	165,349	61.8	188,665	67.8	120,986	66.6	110,480	61.3
Travel expenses	24,048	9.0	26,588	9.6	18,245	10.0	26,167	14.5
Professional service expenses	26,602	9.9	10,541	3.8	6,348	3.5	2,200	1.2
Depreciation and amortization cost	7,882	2.9	8,413	3.0	6,721	3.7	7,223	4.0
Others	43,587	16.3	44,128	15.9	29,435	16.2	34,123	18.9
Total	267,468	100.0	278,335	100.0	181,735	100.0	180,193	100.0

Research and Development Expenses

Our research and development expenses are comprised of (i) staff cost for our research and development personnel, (ii) our technology system expenses, including expenses for the maintenance and upgrade of our AI system, big data analytics system, agricultural technology system and technology infrastructure, (iii) depreciation and amortization cost primarily in relation to our fixed assets and intangible assets and (iv) others. We expense all of our research and development costs as they are incurred.

The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)				*(unaudited)*			
Staff cost	47,099	69.6	64,546	76.7	49,583	78.1	57,556	74.3
Technology system expenses	14,893	22.0	15,306	18.2	10,616	16.7	15,700	20.3
Depreciation and amortization cost	3,524	5.2	2,431	2.9	1,555	2.4	3,144	4.1
Others	2,160	3.2	2,006	2.4	1,742	2.7	1,049	1.4
Total	67,676	100.0	84,289	100.0	63,496	100.0	77,449	100.0

Changes in Fair Value of Derivative Financial Instruments

Changes in fair value of derivative financial instruments represent our investments in derivative financial instruments for the purpose of hedging foreign exchange risks. We had losses in fair value of derivative financial instruments of RMB19.9 million in 2021 and gains in fair value of derivative financial instruments of RMB40.4 million, RMB59.8 million and RMB50.4 million in 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Changes in Fair Value of Redeemable Preferred Shares

We issued redeemable preferred shares to investors, who have the right to require us to redeem all of the redeemable preferred shares held by them at agreed prices under certain circumstances. The investments from these investors are accounted for as financial liabilities at fair value through profit or loss. See Note 27 to the Accountants' Report in Appendix I to this document for details. We recorded losses from fair value of redeemable preferred shares of RMB491.2 million, RMB635.5 million, RMB623.5 million, and RMB86.8 million in 2021, 2022, and the nine months ended September 30, 2022 and 2023, respectively, primarily attributable to changes in the fair value of our Company.

Net Foreign Exchange Gain/(Loss)

Net foreign exchange gain/(loss) represents gains or losses arise from our assets and debts held in foreign currency, which is affected by the fluctuation of currency exchange rate. We had net foreign exchange gain of RMB30.8 million in 2021 and net foreign exchange loss of RMB95.2 million, RMB113.2 million and RMB39.2 million in 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Impairment Losses

We recognize a loss allowance for expected credit losses arising from potential bad debts in respect of our financial assets measured at amortized cost and credit commitment. For further information, see "—Material Accounting Policies and Estimates—Financial Instruments—Credit Losses and Impairment of Assets". The following table sets forth a breakdown of our impairment losses for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)							
					(unaudited)			
Loans and advances to customers	90,498	48.5	208,061	81.6	157,903	84.5	99,533	52.0
Receivables arising from loan facilitation business	74,658	40.0	54,893	21.5	40,144	21.5	58,938	30.8
Loan Facilitation business	13,318	7.1	(19,300)	(7.6)	(22,592)	(12.1)	32,792	17.1
Others	8,222	4.4	11,398	4.5	11,410	6.1	15	0.0
Total	186,696	100.0	255,052	100.0	186,865	100.0	191,278	100.0

Impairment loss consists primarily of impairment loss from (i) loans and advances to customers, primarily relating to credit loss allowance for our on-balance sheet loans, (ii) receivables arising from loan facilitation business, primarily relating to credit loss allowance for the overdue loans we purchased from our partner financial institutions, (iii) loan facilitation business, primarily relating to (a) credit loss allowance in connection with our prior contractual obligation to compensate our partner banks for actual defaults by the borrowers and (b) credit loss allowance for loans funded by our partner banks, which are recognized in consideration of the possibility of us voluntarily purchasing overdue loans from them and (iv) others, primarily relating to credit loss allowance for our other receivables generated in the ordinary course of business. Our prior contractual obligation to compensate our partner banks for actual defaults by the borrowers was gradually terminated from December 2021 to December 2022. Under our current arrangements with partner banks, we may voluntarily purchase overdue loans from them to improve our bargaining power in negotiating our service fees and facilitate loan collection as we are closer to borrowers.

In 2021, 2022 and the nine months ended September 30, 2022 and 2023, our impairment loss was RMB186.7 million, RMB255.1 million, RMB186.9 million and RMB191.3 million, respectively.

Other Net Income

Other net income consists of (i) government grants, (ii) interest income arising from bank deposits, (iii) net gain on financial assets measured at fair value through profit or loss, primarily relating to gains arising from the wealth management products purchased by us, (iv) gain on disposal of property and equipment, primarily relating to our disposal of fixed assets that are no longer in use, (v) changes in fair value of financial instruments measured at fair value through profit or loss, primarily consisting of the wealth management products purchased by us, which are all publicly traded in open market, (vi) interest expenses arising from lease liabilities and (vii) others, representing the net of other income and other expenses that are not directly related to our business operations. In 2021, 2022 and the nine months ended September 30, 2022 and 2023, our other net income was RMB9.5 million, RMB38.0 million, RMB43.2 million and RMB25.8 million, respectively. The following table sets forth a breakdown of our other net income for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)							
					(unaudited)			
Government grants	5,688	59.8	27,963	73.5	26,945	62.4	21,359	82.8
Interest income arising from bank deposits	5,368	56.4	7,088	18.6	5,042	11.7	5,834	22.6
Net gain on financial assets measured at fair value through profit or loss	5,679	59.7	8,240	21.7	8,690	20.1	3,933	15.3
Gain on disposal of property and equipment	1,554	16.3	840	2.2	661	1.5	833	3.2
Changes in fair value of financial instruments measured at fair value through profit or loss	574	6.0	3	0.0	522	1.2	337	1.3
Interest expenses arising from lease liabilities	(2,512)	(26.4)	(1,960)	(5.2)	(1,152)	(2.7)	(1,714)	(6.6)
Others	(6,832)	(71.8)	(4,148)	(10.9)	2,464	5.7	(4,797)	(18.6)
Total	9,519	100.0	38,026	100.0	43,172	100.0	25,785	100.0

TAXATION

We had income tax expenses of RMB89.2 million, RMB69.1 million, RMB51.3 million and RMB64.1 million in 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. As of the Latest Practicable Date, we did not have any disputes with any tax authority. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the our Group are domiciled and operate. During the Track Record Period, only income tax in China has been provided. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, Hong Kong and mainland China.

Cayman Islands

Under the current laws of the Cayman Islands, we are not subject to tax on either income or capital gain, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Our Hong Kong subsidiary, Chongho Bridge HK Limited, incorporated in October 2019, is subject to a profits tax rate of 8.25% for the first HK$2.0 million of assessable profit and 16.5% for profit exceeding HK$2.0 million. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax for 2021, 2022 and the nine months ended September 30, 2023.

China

Under the PRC Enterprise Income Tax Law effective from January 1, 2008, our PRC subsidiaries, and controlled affiliated entity and its subsidiary are subject to the statutory rate of 25%, subject to preferential tax treatments available to qualified enterprises in certain encouraged sectors of the economy.

According to relevant tax relief policies promulgated by PRC tax authorities, certain of our PRC subsidiaries enjoyed a preferential income tax rate during the Track Record Period.

For the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023, certain of our subsidiaries were qualified as "small and thin-profit enterprises" and subject to income tax rate of 20%. Certain of our subsidiaries were subject to income tax rate of 15% due to their locations in less developed regions and operations in certain industries encouraged by government. A "high and new technology enterprise"("HNTE") is entitled to a favorable statutory tax rate of 15% and such qualification is reassessed by relevant governmental authorities every three years. In December 2022, Chongho Bridge Group Limited was qualified as a HNTE and therefore enjoyed the preferential statutory tax rate of 15% till December 2025. Please see Note 9 to the Accountants' Report in Appendix I to this document for details of preferential tax treatment.

Our remaining PRC entities were subject to enterprise income tax at a rate of 25% in 2021, 2022 and the nine months ended September 30, 2023. Pursuant to the Enterprise Income Tax Law and the Enterprise Income Tax Implementation Regulations of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors which are non-resident enterprises as defined under the laws from China. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between China and the jurisdiction of the foreign investors. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied. During the Track Record Period, we did not pay any dividends or have any profit distribution plan.

NON-IFRS MEASURES

To supplement our consolidated results which are prepared and presented in accordance with IFRS Accounting Standards, we also use adjusted net profit, adjusted net margin and adjusted net assets as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash item and item that is one-off and non-recurring. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of our non-IFRS financial measures, adjusted net profit and adjusted net margin, in 2021, 2022, and the nine months ended September 30, 2022 and 2023 to the nearest measures prepared in accordance with IFRS Accounting Standards:

	For the Year Ended December 31,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
	(in thousands of RMB)			
Net (loss)/profit	(36,438)	(199,232)	(275,086)	330,486
Add:				
Equity-settled share-based payments	46,954	31,650	24,163	35,585
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Changes in fair value of redeemable preferred shares	491,181	635,458	623,467	86,768
Adjusted net profit	506,464	472,562	377,178	452,839
Adjusted net margin (%)[1]	22.8	19.5	20.3	19.9
Attribute to:				
Shareholders of the Company	506,265	472,921	377,351	451,950
Non-controlling interests	199	(359)	(173)	889

Note:

(1) Adjusted net margin is the percentage of adjusted net profit to total revenue.

The following tables set forth the reconciliations of our non-IFRS financial measure, adjusted net assets, as of December 31, 2021, 2022 and September 30, 2023 to the nearest measures prepared in accordance with IFRS Accounting Standards:

	For the Year Ended December 31,		For the Nine Months Ended September 30,
	2021	2022	2023
	(in thousands of RMB)		
Net Liabilities	(310,681)	(952,870)	(757,959)
Add:			
Redeemable preferred shares	4,919,695	6,032,100	6,307,295
Adjusted net assets	4,609,014	5,079,230	5,549,336

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Revenue

Our revenue increased by 22.3% from RMB1,857.6 million in the nine months ended September 30, 2022 to RMB2,272.0 million in the same period in 2023, primarily due to the increase in revenue from our four main operating segments.

Rural inclusive credit services

Revenue from rural inclusive credit services increased by 8.5% at RMB1,361.7 million in the nine months ended September 30, 2022 to RMB1,477.5 million in the same period in 2023, primarily driven by an increase in the outstanding balance of loans obtained through our platform, which is in turn primarily driven by an increase in the number of customers due to our diversified inclusive credit products and effective sales strategy. The increase of revenue from rural inclusive credit services is attributable to an increase in the loan facilitation income derived from our off-balance sheet loans, partially offset by a decrease in interest and commission income derived from on-balance sheet loans, as a result of our strategy to focus on developing our loan facilitation business. For the same reason, our interest and commission expenses, which represent our costs to obtain financing to fund our on-balance sheet loans, also decreased in the same period.

Agricultural production services

Revenue from agricultural production services increased by 66.6% from RMB372.9 million in the nine months ended September 30, 2022 to RMB621.4 million in the same period in 2023, primarily due to an increase in the GMV of our agricultural production services from RMB801.8 million in the nine months ended September 30, 2022 to RMB1,079.1 million in the same period in 2023, which was in turn due to (i) the ramp-up of our farming technology management services in 2023 since its launch in 2022 and (ii) the expansion of the geographic coverage of our agricultural production services.

Rural consumer goods and services

Revenue from rural consumer goods and services increased by 37.9% from RMB123.0 million in the nine months ended September 30, 2022 to RMB169.5 million in the same period in 2023, primarily due to (i) an increase in the GMV of our consumer retail services from RMB147.1 million in the nine months ended September 30, 2022 to RMB235.3 million in the same period in 2023 and (ii) the growth of gross written premium of insurance policies distributed through our platform from RMB178.5 million in the nine months ended September 30, 2022 to RMB201.4 million in the same period in 2023, which was in turn due to optimized insurance products mix that better suits rural customers' demands as well as our effective cross-selling strategies and promotion efforts.

Rural clean energy services

Revenue from rural clean energy services increased from RMB52 thousand in the nine months ended September 30, 2022 to RMB3.6 million in the same period in 2023, primarily due to the growth of our rooftop distributed PV projects and our development, construction and maintenance services of rooftop distributed PV projects to third parties.

Cost of Sales

Our cost of sales increased by 52.0% from RMB449.5 million in the nine months ended September 30, 2022 to RMB683.3 million in the same period in 2023, primarily due to our business expansion in agricultural production services, rural consumer goods and services and rural clean energy services. Since the revenue from rural inclusive credit services comprises interest and commission income as well as loan facilitation income, net of interest and commission expenses, such expenses are not included in our cost of sales.

Agricultural production services

Cost of sales from agricultural production services increased by 60.9% from RMB357.5 million in the nine months ended September 30, 2022 to RMB575.2 million in the same period in 2023, which was in line with the growth of our agricultural production services.

Rural consumer goods and services

Cost of sales from rural consumer goods and services increased by 15.8% from RMB92.0 million in the nine months ended September 30, 2022 to RMB106.5 million in the same period in 2023, which was generally in line with the growth of our rural consumer goods and services.

Rural clean energy services

Cost of sales from rural clean energy services increased from RMB24 thousand in the nine months ended September 30, 2022 to RMB1.7 million in the same period in 2023, which was generally in line with the growth of our rural clean energy services.

Gross Profit and Gross Margin

Agricultural production services

As a result of the foregoing, our gross profit of agricultural production services increased by 200.1% from RMB15.4 million in the nine months ended September 30, 2022 to RMB46.2 million in the same period in 2023. Our gross margin of agricultural production services increased from 4.1% in the nine months ended September 30, 2022 to 7.4% in the same period in 2023, primarily due to a decrease in prices of procurement and transportation in our sales of agricultural inputs.

Rural consumer goods and services

As a result of the foregoing, our gross profit of rural consumer goods and services increased by 103.5% from RMB31.0 million in the nine months ended September 30, 2022 to RMB63.1 million in the same period in 2023. Our gross margin of rural consumer goods and services increased from 25.2% in the nine months ended September 30, 2022 to 37.2% in the same period in 2023, primarily due to an increase in sales contributed from customized consumer products with relatively higher profit margin, partially offset by an increase in the sales contributed from insurance products with relatively low profit margin.

Rural clean energy services

As a result of the foregoing, our gross profit of rural clean energy services increased from RMB28 thousand in the nine months ended September 30, 2022 to RMB1.9 million in the same period in 2023. Our gross margin of rural clean energy services remained relatively stable at 53.8% and 53.6% in the nine months ended September 30, 2022 and 2023, respectively.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 22.9% from RMB566.2 million in the nine months ended September 30, 2022 to RMB695.6 million in the same period in 2023, primarily due to an increase in the number of our sales and marketing employees and marketing activities. Our sales and marketing expenses as a percentage of our revenue remained relatively stable at 30.5% and 30.6% in the nine months ended September 30, 2022 and 2023, respectively.

General and Administrative Expenses

In light of an increase in revenue from RMB1,857.6 million in the nine months ended September 30, 2022 to RMB2,272.0 million in the same period in 2023, our general and administrative expenses remained relatively stable at RMB181.7 million and RMB180.2 million in the nine months ended September 30, 2022 and 2023, respectively, primarily due to our improvements in operational efficiency. Our general and administrative expenses as a percentage of our revenue decreased from 9.8% in the nine months ended September 30, 2022 to 7.9% in the same period in 2023.

Research and Development Expenses

Our research and development expenses increased by 21.9% from RMB63.5 million in the nine months ended September 30, 2022 to RMB77.4 million in the same period in 2023, primarily because we made further investments in adding experts to our research and development team and procurement of IT services. Our research and development expenses as a percentage of our revenue remained stable at 3.4% and 3.4% in the nine months ended September 30, 2022 and 2023, respectively.

Changes in Fair Value of Derivative Financial Instruments

Our gains in fair value of derivative financial instruments decreased from RMB59.8 million in the nine months ended September 30, 2022 to RMB50.4 million in the same period in 2023, primarily due to the fluctuations of foreign exchange market.

Changes in Fair Value of Redeemable Preferred Shares

We recorded losses in fair value of redeemable preferred shares of RMB623.5 million and RMB86.8 million in the nine months ended September 30, 2022 and 2023, respectively, primarily due to changes in the fair value of our Company.

Net Foreign Exchange Loss

The net foreign exchange loss was RMB113.2 million and RMB39.2 million in the nine months ended September 30, 2022 and 2023, respectively, primarily due to the fluctuation of currency exchange rate.

Impairment Losses

Our impairment losses increased by 2.4% from RMB186.9 million in the nine months ended September 30, 2022 to RMB191.3 million in the same period in 2023, primarily due to an increase in the outstanding balance of loans obtained through our platform from RMB15.4 billion as of September 30, 2022 to RMB17.6 billion as of September 30, 2023, partially offset by an improvement in our loan performance as borrowers gradually recovered from the impact of the COVID-19 pandemic.

Other Net Income

Our other net income decreased by 40.3% from RMB43.2 million in the nine months ended September 30, 2022 to RMB25.8 million in the same period in 2023, primarily due to (i) a decrease in government grants, (ii) a decrease in net gain on financial assets measured at fair value through profit or loss, as Company decreased its investments in wealth management products and (iii) a decrease in others, primarily because we made public interest donations of RMB2.4 million in the nine months ended September 30, 2023.

(Loss)/profit before Taxation

As a result of the foregoing, we recorded loss before taxation of RMB223.8 million and profit before taxation of RMB394.6 million in the nine months ended September 30, 2022 and 2023, respectively.

Income Tax Expense

Our income tax expense increased by 25.0% from RMB51.3 million in the nine months ended September 30, 2022 to RMB64.1 million in the same period in 2023, as we recorded loss before taxation of RMB223.8 million and profit before taxation of RMB394.6 million in the nine months ended September 30, 2022 and 2023, respectively, excluding the effect of changes in fair value of redeemable preferred shares, which amounted to losses of RMB623.5 million and RMB86.8 million in the nine months ended September 30, 2022 and 2023, respectively.

(Loss)/profit for the Period

As a result of the foregoing, we recorded a loss of RMB275.1 million and a profit of RMB330.5 million in the nine months ended September 30, 2022 and 2023, respectively.

Adjust Net Profit for the Period

As a result of the foregoing, we recorded an adjusted net profit of RMB377.2 million and RMB452.8 million in the nine months ended September 30, 2022 and 2023, respectively.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased by 9.2% from RMB2,223.9 million in 2021 to RMB2,429.2 million in 2022, primarily due to the increase in revenue from our rural inclusive credit services and agricultural production services, partially offset by a decrease in revenue from our rural consumer goods and services. In addition, launched in 2022, our rural clean energy services also contributed to our revenue growth. The COVID-19 pandemic adversely affected our results of operations.

Rural inclusive credit services

Revenue from rural inclusive credit services increased by 10.4% from RMB1,661.5 million in 2021 to RMB1,834.9 million in 2022, primarily driven by an increase in the number of customers due to our diversified inclusive credit products and effective sales strategy. Such increase is attributable to (i) an increase in our interest and commission income derived from our on-balance sheet loans, partially offset by an increase in costs to obtain financing and (ii) an increase in our loan facilitation income derived from our off-balance sheet loans.

Agricultural production services

Revenue from agricultural production services increased by 10.6% from RMB377.5 million in 2021 to RMB417.5 million in 2022, primarily due to an increase in the sales of agricultural inputs and equipment.

Rural consumer goods and services

Revenue from rural consumer goods and services decreased by 4.7% from RMB184.9 million in 2021 to RMB176.2 million in 2022, primarily due to our business strategies to optimize the products mix of our consumer retail services and shift to offer customized products with stable market demands, which leads to fluctuations in sales volume.

Rural clean energy services

We launched rural clean energy services in 2022 and recorded a revenue of RMB0.7 million in 2022.

Cost of Sale

Our cost of sales increased by 5.7% from RMB488.7 million in 2021 to RMB516.5 million in 2022, due to increases in agricultural production services and rural clean energy services, partially offset by a decrease in rural consumer goods and services. Since the revenue from rural inclusive credit services comprises interest and commission income as well as loan facilitation income, net of interest and commission expenses, such expenses are not included in our cost of sales.

Agricultural production services

Cost of sales from agricultural production services increased by 11.1% from RMB361.0 million in 2021 to RMB401.0 million in 2022, which was generally in line with the growth of our agricultural production services.

Rural consumer goods and services

Cost of sales from rural consumer goods and services decreased by 10.0% from RMB127.7 million in 2021 to RMB115.0 million in 2022, which was generally in line with the fluctuation in the sales volume of our consumer retail services.

Rural clean energy services

We launched rural clean energy services in 2022 and recorded a cost of sale of RMB0.5 million in 2022.

Gross Profit and Gross Margin

Agricultural production services

As of result of the foregoing, our gross profit of agricultural production services remained stable at RMB16.5 million and RMB16.5 million in 2021 and 2022, respectively. Our gross margin of agricultural production services decreased from 4.4% in 2021 to 3.9% in 2022, primarily due to (i) an increase in procurement costs of certain agricultural inputs as a result of an increase in the prices of raw materials and (ii) an increase in transportation costs as a result of the COVID-19 pandemic.

Rural consumer goods and services

As of result of the foregoing, our gross profit of rural consumer goods and services increased by 7.0% from RMB57.2 million in 2021 to RMB61.2 million in 2022. Our gross margin of rural consumer goods and services increased from 30.9% in 2021 to 34.7% in 2022, primarily due to our offerings of customized products with stable market demands in the second half of 2022.

Rural clean energy services

Our rural clean energy services had a gross profit of RMB159 thousand and gross margin of 24.2% in 2022.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 12.1% from RMB689.8 million in 2021 to RMB773.0 million in 2022, primarily due to an increase in the number of our sales and marketing employees and employee compensation driven by our business growth. Our sales and marketing expenses as a percentage of our revenue slightly increased from 31.0% in 2021 to 31.8% in 2022.

General and Administrative Expenses

Our general and administrative expenses increased by 4.1% from RMB267.5 million in 2021 to RMB278.3 million in 2022, primarily due to an increase in the number of employees for general corporate functions. Our general and administrative expenses as a percentage of our revenue slightly decreased from 12.0% in 2021 to 11.5% in the same period in 2022.

Research and Development Expenses

Our research and development expenses increased by 24.5% from RMB67.7 million in 2021 to RMB84.3 million in 2022, primarily due to an increase in the number of our research and development employees and investments in the research of agricultural technology. Our research and development expenses as a percentage of our revenue slightly increased from 3.0% in 2021 to 3.5% in 2022.

Changes in Fair Value of Derivative Financial Instruments

We had losses in fair value of derivative financial instruments of RMB19.9 million in 2021 and gains in fair value of derivative financial instruments of RMB40.4 million in 2022, primarily due to the changes in fair value of derivative financial instruments which was in turn affected by the fluctuation of foreign exchange rates.

Changes in Fair Value of Redeemable Preferred Shares

We recorded losses in fair value of redeemable preferred shares of RMB491.2 million and RMB635.5 million in 2021 and 2022, respectively, primarily due to changes in the fair value of our Company.

Net Foreign Exchange Gain/(Loss)

We had net foreign exchange gain of RMB30.8 million in 2021 and net foreign exchange loss of RMB95.2 million in 2022, primarily due to the fluctuation of currency exchange rate.

Impairment Losses

Our impairment loss increased by 36.6% from RMB186.7 million in 2021 to RMB255.1 million in 2022, primarily due to an increase in the balance of overdue loans due to the impact of COVID-19.

Other Net Income

Our other net income increased by 299.5% from RMB9.5 million in 2021 to RMB38.0 million in 2022, primarily due to (i) an increase in government grants, (ii) an increase in interest income arising from bank deposits and (iii) an increase in net gain on financial assets measured at fair value through profit or loss, primarily due to an increase in our purchases of wealth management products, partially offset by (i) a decrease in gain on disposal of fixed assets and (ii) a decrease in changes in fair value of financial instruments measured at fair value through profit or loss, primarily due to the fluctuation of trading prices of the financial instruments and a decrease in our investments.

Profit/(loss) before Taxation

As a result of the foregoing, we recorded profit before taxation of RMB52.8 million and loss before taxation of RMB130.1 million in 2021 and 2022, respectively.

Income Tax Expense

Our income tax expense decreased by 22.6% from RMB89.2 million in 2021 to RMB69.1 million in 2022, as we recorded profit before taxation of RMB52.8 million and loss before taxation of RMB130.1 million in the nine months ended September 30, 2022 and 2023, respectively, excluding the effect of changes in fair value of redeemable preferred shares, which amounted to losses of RMB491.2 million and RMB635.5 million in the nine months ended September 30, 2022 and 2023, respectively.

Loss for the Year

As a result of the foregoing, we recorded net loss of RMB36.4 million and RMB199.2 million in 2021 and 2022, respectively.

Adjust Net Profit for the Year

As a result of the foregoing, we recorded an adjusted net profit of RMB506.5 million and RMB472.6 million in 2021 and 2022, respectively.

SUMMARY OF FINANCIAL POSITION

The following table sets forth a summary of our statement of financial position as of the dates indicated.

	As of December 31,		As of September 30,
	2021	2022	2023
	(in thousands of RMB)		
			(unaudited)
Assets			
Cash and cash equivalents	1,217,947	863,293	1,104,326
Restricted cash	256,988	189,271	312,709
Loans and advances to customers	10,363,840	9,407,506	9,631,405
Financial assets held under resale agreements	49,888	–	–
Financial assets measured at fair value through profit or loss	52,358	8,389	135,816
Derivative financial instruments	–	11,958	38,608
Property and equipment	130,133	139,499	166,465
Intangible assets	33,736	34,638	34,579
Deferred tax assets	81,259	109,002	119,125
Goodwill	3,688	3,688	3,688
Other assets	495,229	651,593	683,327
Total assets	12,685,066	11,418,837	12,230,048
Liabilities			
Interest-bearing borrowings	2,690,806	3,117,461	3,560,347
Asset-backed securities issued	4,212,098	1,905,674	1,841,443
Financial assets sold under repurchase agreement	501,654	651,213	661,304
Derivative financial instruments	54,684	26,194	2,400
Accruals and other payables	410,749	476,150	567,053
Contract liabilities	64,423	70,309	25,348
Income tax payable	93,596	91,729	18,634
Redeemable preferred shares	4,919,695	6,032,100	6,307,295
Deferred tax liabilities	48,042	877	4,183
Total liabilities	12,995,747	12,371,707	12,988,007
Net liabilities	(310,681)	(952,870)	(757,959)
Adjusted net assets	4,609,014	5,079,230	5,549,336

As of December 31, 2021, 2022, and September 30, 2023, we had net liabilities of RMB310.7 million, RMB952.9 million and RMB758.0 million, respectively, primarily due to the redeemable preferred shares of RMB4,919.7 million, RMB6,032.1 million and RMB6,307.3 million, respectively. Our redeemable preferred shares will be automatically converted into ordinary shares upon [**REDACTED**]. Accordingly, the conversion will improve our working capital level and liquidity position.

Cash and cash equivalents

Cash and cash equivalents represent our deposits with banks. Our cash and cash equivalent decreased by 29.1% from RMB1,217.9 million as of December 31, 2021 to RMB863.3 million as of December 31, 2022, and increased by 27.9% to RMB1,104.3 million as of September 30, 2023. Please see "—Liquidity and Capital Resources".

Restricted cash

Our restricted cash represents deposits in relation to our loan facilitation business, escrowed deposits for asset-backed securities issued by us and trust plans, escrowed deposits in banks for the sale of agricultural inputs and equipment and consumer retail services, and bank deposits for terms more than three months. Such funds are contractually restricted as to usage or withdrawal due to business arrangement or regulatory requirement. Our restricted cash decreased by 26.3% from RMB257.0 million as of December 31, 2021 to RMB189.3 million as of December 31, 2022, primarily due to decreases in escrowed deposits for asset-backed securities issued by us and trust plans as well as bank deposits for terms more than three months. Our restricted cash increased by 65.2% from RMB189.3 million as of December 31, 2022 to RMB312.7 million as of September 30, 2023, primarily due to increases in escrowed deposits for asset-backed securities issued by us and trust plans, escrowed deposits in banks for the sale of agricultural inputs and equipment and consumer retail services.

Loans and advances to customers

We primarily focus on offering rural inclusive credit services to rural residents and small rural business owners. Loans and advances to customers represent the loans funded through our microcredit companies and trust plans as of the relevant year/period end.

Our loans and advances to customers decreased by 9.2% from RMB10,363.8 million as of December 31, 2021 to RMB9,407.5 million as of December 31, 2022, primarily due to a decrease in our on-balance sheet loans which was in turn due to our strategies to focus on developing loan facilitation business. Our loans and advances increased by 2.4% to RMB9,631.4 million as of September 30, 2023, primarily due to the growth of our rural inclusive credit services.

The following table sets forth the loans and advances to customers by type of security as of the dates indicated:

	As of December 31,		As of September 30,
	2021	**2022**	**2023**
	(in thousands of RMB)		
			(unaudited)
Guaranteed loans	7,202,617	7,080,749	7,037,943
Unsecured loans	3,000,015	2,341,229	2,588,742
Secured loans	364,515	346,677	365,568
Gross loans and advances to customers	10,567,147	9,768,655	9,992,253
Add: Accrued interest	86,032	78,936	76,648
Less: Provision for impairment losses	(289,339)	(440,085)	(437,496)
Net loans and advances to customers	10,363,840	9,407,506	9,631,405

Overdue analysis

The following table sets forth the overdue loans and advances to customers by overdue period as of the dates indicated:

	As of December 31,		As of September 30,
	2021	**2022**	**2023**
	(in thousands of RMB)		
			(unaudited)
Overdue within three months (inclusive)	98,167	188,589	152,850
Overdue more than three months to six months (inclusive)	38,999	75,729	61,403
Overdue more than six months to twelve months (inclusive)	50,519	94,518	116,501
Total	187,685	358,836	330,754

Note: Loans overdue for more than 12 months will be written off and not included in our loans and advances to customers.

Overdue loans and advances to customers represent loans, of which the whole or part of the principal or interest were overdue for one day or more. Our overdue loans increased by 91.2% from RMB187.7 million as of December 31, 2021 to RMB358.8 million as of December 31, 2022, primarily due to a decrease in our customers' abilities to repay and heightened difficulties in debt collection due to the COVID-19 pandemic. As our customers' economic conditions gradually recovered from the impact of the COVID-19 pandemic, along with our enhanced collection management measures, our overdue loans decreased by 7.8% from RMB358.8 million as of December 31, 2022 to RMB330.8 million as of September 30, 2023. Loans overdue for more than six months to twelve months increased from RMB94.5 million as of December 31, 2022 to RMB116.5 million as of September 30, 2023, primarily because more loans were collected through legal proceedings, resulting in longer loan collection cycle. As of December 31, 2023, only RMB158.7 million of the overdue loans outstanding as of September 30, 2023 had not been recovered. We write off loans which are overdue for more than 12 months, which is longer than the industry average.

Other assets

Other assets primarily consist of prepayments, receivables arising from loan facilitation business, accounts receivable, deposits and refundable deposits, deferred expenses, pre-paid taxes, interest receivable and others. The following table sets forth a breakdown of our other assets as of the dates indicated.

	As of December 31,		**As of September 30,**
	2021	**2022**	**2023**
	(in thousands of RMB)		
			(unaudited)
Prepayments	318,092	464,475	352,181
Receivables arising from loan facilitation business	89,715	98,240	88,449
Accounts receivable	36,425	53,395	140,982
Deposits and refundable deposits	30,903	31,549	46,607
Inventories	19,339	30,473	87,121
Interest receivable	14,273	5,521	4,306
Deferred expenses	8,258	6,593	2,803
Pre-paid taxes	15,034	8,455	15,546
Others	28,643	32,585	32,687
Sub-total	560,682	731,286	770,682
Less: Provisions for impairment losses	(65,453)	(79,693)	(87,355)
Total	495,229	651,593	683,327

Our other assets increased by 31.6% from RMB495.2 million as of December 31, 2021 to RMB651.6 million as of December 31, 2022, primarily due to (i) an increase in prepayments, primarily attribute to an increase in prepayments for agricultural inputs in connection with the growth of our agricultural production services, (ii) an increase in receivables arising from loan facilitation business, primarily due to an increase in overdue loans purchased from partner banks which is in turn driven by the growth of our loan facilitation business and (iii) an increase in accounts receivable, primarily as a result of the growth of our agricultural production services.

Our other assets increased by 4.9% from RMB651.6 million as of December 31, 2022 to RMB683.3 million as of September 30, 2023, primarily due to (i) an increase in accounts receivable, which is in line with the growth of our agricultural production services and consumer retail services and (ii) an increase in inventories primarily due to an increase in fertilizers, which is in line with the growth of our agricultural production services, partially offset by a decrease in prepayments, as we usually procure agricultural inputs in the fourth quarter of a year in preparing for agricultural production next year, which leads to higher prepayments in the fourth quarter.

Accounts receivable

Our accounts receivable primarily refer to outstanding amount due from manufacturers and merchants of our agricultural production services and consumer retail services. Our total accounts receivable increased from RMB36.4 million as of December 31, 2021 to RMB53.4 million as of December 31, 2022, and further increased to RMB141.0 million as of September 30, 2023, primarily due to the growth of our agricultural production services.

The following table sets for the aging analysis of our accounts receivable as of the dates indicated.

	As of December 31,		As of September 30,
	2021	**2022**	**2023**
	(in thousands of RMB)		
			(unaudited)
Within 3 months	7,978	7,741	105,343
3 to 6 months	20,186	18,576	9,043
6 months to 1 year	5,952	16,054	3,807
Over 1 year	2,309	11,024	22,789
Total accounts receivable	36,425	53,395	140,982
Less: allowance	(2,279)	(18,235)	(18,235)
Net accounts receivable	34,146	35,160	122,747

As of December 31, 2023, approximately RMB103.5 million, or 73.4%, of our accounts receivable as of September 30, 2023 had been settled.

Inventories

Our inventories primarily consist of agricultural inputs and consumer goods. The following table sets forth the aging analysis of our inventories as of the dates indicated.

	As of December 31,		As of September 30,
	2021	**2022**	**2023**
	(in thousands of RMB)		
			(unaudited)
Within 3 months	16,526	25,307	59,088
3 to 6 months	1,950	3,717	23,986
6 months to 1 year	825	1,048	3,087
Over 1 year	38	401	960
Total	19,339	30,473	87,121

As of December 31, 2023, approximately RMB34.5 million, or 39.6%, of our inventories as of September 30, 2023, had been sold.

Financial assets sold under repurchase agreement

Financial assets sold under repurchase agreement represent the outstanding balance of our financing through a third-party trust company, where pursuant to a transfer and repurchase agreement entered into by us and the trust company, we obtained the financing from the trust company by transferring the beneficial right of certain of our loans and repurchasing such right in the future. Please see Note 23 to the Accountants' Report included in Appendix I to this document. Our financial assets sold under repurchase agreement increased by 29.8% from RMB501.7 million as of December 31, 2021 to RMB651.2 million as of December 31, 2022 and further increased to RMB661.3 million as of September 30, 2023, mainly due to an expansion of our cooperation with the trust company.

Accruals and other payables

Our accruals and other payables mainly include: (i) accrued staff cost, (ii) provision for loan facilitation business, (iii) receipts in advance, (iv) lease liabilities, (v) value-added tax and other payable, (vi) trade payables and (vii) others. The following table sets forth a breakdown of our accruals and other payables by nature as of the dates indicated:

	As of December 31,		As of September 30,
	2021	**2022**	**2023**
	(in thousands of RMB)		
			(unaudited)
Accrued staff cost	183,154	209,046	205,224
Provision for loan facilitation business[1]	83,292	63,992	96,784
Receipts in advance	32,707	93,430	133,935
Lease liabilities	39,496	44,987	43,761
Value-added tax and other payable	15,921	9,447	13,198
Trade payables	13,427	16,600	38,642
Others	42,752	38,648	35,509
Total	410,749	476,150	567,053

Note:

(1) Historically, we carried out loan facilitation business by referring quality customers to financial institutions in the PRC with a fixed-rate fee charges and were contractually obliged to compensate our partner banks for actual defaults of the loans funded by them. We made the provisions for the contractual obligations in accordance with expected credit loss model. See "—Material Accounting Policies and Estimates—Financial Instruments." From December 2021 to December 2022, we gradually terminated all such contractual obligations to financial institutions. We may voluntarily purchase a portion of overdue loans from our partner financial institutions to improve our bargaining power in negotiating our service fees and facilitate loan collection as we are closer to borrowers. We account for the related provision as provision for loan facilitation business in accordance with expected credit loss model. Please see "—On- and Off-Balance Sheet Commitments and Arrangements" for further details.

Currently, we carried the loan facilitation business in two models. For some of our loan facilitation business, we changed the fee model to charge a fixed-rate and non-refundable base service fee for referral services and an excess service fee for the credit performance of the loans referred. Under such fee model, we record the base service fee and excess service fee we charge as receipts in advance before such fees can be recognized as revenue. For other loan facilitation business, we have not changed the fee model and still charged a fixed-rate service fee. Under such fee model, we still record the fixed-rate service fee as provision for loan facilitation business.

Our accruals and other payables increased by 15.9% from RMB410.7 million as of December 31, 2021 to RMB476.2 million as of December 31, 2022 and further increased to RMB567.1 million as of September 30, 2023, mainly due to an increase in receipts in advance which was in turn due to the growth of our loan facilitation business and the change of our fee model. The increase in our accruals and other payables from December 31, 2021 to December 31, 2022 was also due to an increase in our accrued staff cost, which was in turn due to an increase in the number of our employees. The increase in our accruals and other payables from December 31, 2022 to September 30, 2023 was also due to an increase in provision for loan facilitation business, which was in line with the growth of our loan facilitation business.

As of December 31, 2023, we had settled RMB216.0 million, or 38.1%, of our accruals and other payables outstanding as of September 30, 2023.

Trade payables

Our trade payables primarily refer to outstanding amount due to commissions paid to marketing service providers. Our trade payables increased from RMB13.4 million as of December 31, 2021 to RMB16.6 million as of December 31, 2022, and further increased to RMB38.6 million as of September 30, 2023, primarily due to the growth of our business. Specifically, the increase of our trade payables from RMB16.6 million as of December 31, 2022 to RMB38.6 million as of September 30, 2023 is primarily attributable to the expansion of our cooperation with a marketing service provider.

The following table sets for the aging analysis of our trade payables as of the dates indicated.

	As of December 31,		As of September 30,
	2021	**2022**	**2023**
	(in thousands of RMB)		
			(unaudited)
Within 3 months	13,347	4,961	22,212
3 to 6 months	–	732	13,985
6 months to 1 year	80	10,787	2,364
Over 1 year	–	120	81
Total	13,427	16,600	38,642

As of December 31, 2023, approximately RMB18.1 million, or 46.8%, of our trade payables as of September 30, 2023 had been settled.

Redeemable preferred shares

We issued redeemable preferred shares to investors, which will be converted to ordinary shares upon the [**REDACTED**]. The investments from these investors are accounted for as financial liabilities at fair value through profit or loss. See Note 27 to the Accountants' Report in Appendix I to this document for details.

Our redeemable preferred shares increased from RMB4,919.7 million as of December 31, 2021 to RMB6,032.1 million as of December 31, 2022, and further increased to RMB6,307.3 million as of September 30, 2023, primarily due to changes in the fair value of our Company.

KEY OPERATING METRICS AND FINANCIAL RATIOS

The following tables set forth certain key operating metrics as of the dates or for the periods indicated:

	For the Year Ended December 31,		For the Nine Months Ended September 30,	
	2021	2022	2022	2023
Number of transacting customers *(in thousands)*	1,082	1,128	863	1,044
Number of transactions *(in thousands)*	2,250	2,393	1,776	1,906
GMV of agricultural production services *(in RMB millions)*	419.8	961.9	801.8	1,079.1
GMV of consumer retail services *(in RMB millions)*	24.2	185.1	147.1	235.3
Gross written premium of digital insurance distribution services *(in RMB millions)*	258.3	259.8	178.5	201.4

	As of December 31,		As of September 30,
	2021	2022	2023
Outstanding balance of rural inclusive credit services *(in RMB millions)*	14,981.3	15,157.6	17,634.5
Installed capacity of rural clean energy services *(MW)*	N/A	2.4	8.9
D30+ delinquency rate (%)	1.36	2.27	1.83
D90+ delinquency rate (%)	1.01	1.58	1.38

The following tables set forth certain key financial ratios as of the dates or for the periods indicated:

	For the Year Ended December 31, 2022	For the Nine Months Ended September 30, 2023
Total revenue growth (%)	9.2	22.3
Rural inclusive credit services	10.4	8.5
Agricultural production services	10.6	66.6
Rural consumer goods and services	(4.7)	37.9
Rural clean energy services	N/A	N/M[1]

	For the Year Ended December 31/ As of December 31,		For the Nine Months Ended September 30/ As of September 30,	
	2021	2022	2022	2023
Net margin[2] (%)	(1.6)	(8.2)	(14.8)	14.5
Adjusted net margin[3] (%)	22.8	19.5	20.3	19.9
Leverage ratio[4] (%)	160.7	111.7	N/A	109.3

Notes:

(1) The revenue from our rural clean energy services increased from RMB52 thousand in the nine months ended September 30, 2022 to RMB3.6 million in the same period in 2023. As the rural clean energy services was launched in the third quarter of 2022, the high growth rate at such initial stage may not be indicative to our future growth.

(2) Net margin is calculated by dividing net profit/(loss) by our revenue and multiplied by 100%.

(3) Adjusted net margin is calculated by dividing adjusted net profit by our revenue and multiplied by 100%.

(4) Represents the total of interest-bearing borrowings, asset-backed securities and financial assets sold under repurchase agreement, divided by adjusted net assets as of the end of a period/year and multiplied by 100%.

See "—Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022" and "—Year Ended December 31, 2022 Compared to Year Ended December 31, 2021" for a discussion of the factors affecting our results of operations during the respective periods.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we met our working capital and other capital requirements primarily through capital contribution from shareholders, interest-bearing borrowings from banks and other financial institutions, cash raised through trust companies, cash raised from asset-backed security issuance and cash generated from our operating activities. Our liquidity and capital requirements primarily relate to the growth of our business and other working capital requirements.

Going forward, we will continue to monitor our cash flows and cash balance on a regular basis and strive to maintain an optimal liquidity that can meet our working capital needs while supporting a healthy level of business scale and expansion. We believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, interest-bearing borrowings from banks and other financial institutions, cash raised through trust companies, cash raised from asset-backed security issuance, the [**REDACTED**] received from the [**REDACTED**] and other funds raised from the capital markets from time to time. Other than the abovementioned financing activities, we currently do not have any plans for material additional external financing.

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

	For the Year Ended December 31,		**For the Nine Months Ended September 30,**	
	2021	**2022**	**2022**	**2023**
	(in thousands of RMB)			
			(unaudited)	
Net cash (used in)/generated from operating activities	(1,793,056)	1,699,115	1,392,189	369,140
Net cash (used in)/generated from investing activities	(10,480)	75,879	(68,929)	(160,182)
Net cash generated from/(used in) financing activities	1,537,336	(2,135,814)	(1,806,333)	29,943
Net (decrease)/increase in cash and cash equivalents	(266,200)	(360,820)	(483,073)	238,901
Cash and cash equivalents at the beginning of the year/period	1,485,452	1,217,947	1,217,947	863,293
Effect of foreign exchange rate changes	(1,305)	6,166	7,399	2,132
Cash and cash equivalents at the end of the year/period	1,217,947	863,293	742,273	1,104,326

We plan to improve our operating cash flow by (i) growing revenue from all our business services and products, (ii) maintaining loan performance and gross margin at a reasonable level while increasing the loan volume transacted through our platform, the volume of the merchandise transacted through our platform and the insurance distributed by us, and (iii) enhancing operating leverage from general and administrative expenses.

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next twelve months from the date of this document.

Net Cash (Used in)/Generated from Operating Activities

Our cash generated from operating activities primarily consists of (i) interest and commission income as well as loan facilitation income from loans obtained through our platform and (ii) revenue from contract with customers generated from our agricultural production services, rural consumer goods and services and rural clean energy services. Our cash used in operating activities primarily consists of loans and advances we extend to our customers and costs and expenses in connection with our agricultural production services, rural consumer goods and services and rural clean energy services.

In the nine months ended September 30, 2023, our net cash generated from operating activities was RMB369.1 million. Our net cash flows generated from operating activities reflect: (i) our profit before taxation of RMB394.6 million, as adjusted by non-cash and non-operating items, which primarily comprised of interest and commission expense of RMB258.7 million, changes in fair value of redeemable preferred shares of RMB86.8 million, impairment losses of RMB191.3 million, partially offset by changes in fair value of derivative financial instruments of RMB50.4 million; and (ii) the effect of changes in working capital, which primarily comprised of an increase in loans and advances to customers of RMB325.7 million, an increase in pledged and restricted deposits of RMB90.6 million and an increase in other assets of RMB78.7 million.

In 2022, our net cash generated from operating activities was RMB1,699.1 million. Our net cash flows generated from operating activities reflect: (i) our loss before taxation of RMB130.1 million, as adjusted by non-cash and non-operating items, which primarily comprised of changes in fair value of redeemable preferred shares of RMB635.5 million, interest and commission expense of RMB391.2 million, impairment losses of RMB255.1 million and foreign exchange loss of RMB95.2 million, partially offset by changes in fair value of derivative financial instruments of RMB40.4 million; and (ii) the effect of changes in working capital, which primarily comprised of a decrease in loans and advances to customers of RMB741.2 million, partially offset by an increase in other assets of RMB217.5 million.

In 2021, our net cash used in operating activities was RMB1,793.1 million. Our net cash flows used in operating activities reflect: (i) our profit before taxation of RMB52.8 million, as adjusted by non-cash and non-operating items, which primarily comprised of changes in fair value of redeemable preferred shares of RMB491.2 million, interest and commission expenses of RMB381.0 million, impairment losses of RMB186.7 million, and foreign exchange gain of RMB30.8 million; and (ii) the effect of changes in working capital, which primarily comprised an increase in loans and advances to customers of RMB2,345.8 million and an increase in other assets of RMB309.0 million.

Net Cash (Used in)/Generated from Investing Activities

In the nine months ended September 30, 2023, our net cash used in investing activities was RMB160.2 million, which was primarily attributable to (i) payments on purchase of investments of RMB1,052.5 million, which were low-risk wealth management products and (ii) proceeds from sale of investments of RMB929.4 million, which were low-risk wealth management products.

In 2022, our net cash generated from investing activities was RMB75.9 million, which was primarily attributable to (i) proceeds from sale of investments of RMB3,495.2 million, which were low-risk wealth management products and (ii) payments on purchase of investments of RMB3,393.1 million, which were low-risk wealth management products.

In 2021, our net cash used in investing activities was RMB10.5 million, which was primarily attributable to proceeds from sale of investments of RMB4,270.3 million, which were low-risk wealth management products and payments on purchase of investments of RMB4,250.3 million, which were low-risk wealth management products.

Net Cash Generated from/(Used in) Financing Activities

In the nine months ended September 30, 2023, our net cash generated from financing activities was RMB29.9 million, which was primarily attributable to proceeds from interest-bearing borrowings of RMB1,050.5 million, proceeds from issuance of asset-backed securities of RMB1,648.0 million, proceeds from financial assets sold under repurchase agreement of RMB1,074.7 million, repayment for asset-backed securities of RMB1,730.8 million and repurchase of assets of repurchase agreement of RMB1,068.4 million.

In 2022, our net cash used in financing activities was RMB2,135.8 million, which was primarily attributable to proceeds from interest-bearing borrowings of RMB1,057.2 million, proceeds from issuance of asset-backed securities of RMB1,334.8 million, proceeds from financial assets sold under repurchase agreement of RMB1,448.5 million, repayment of asset-backed securities of RMB3,528.3 million and repurchase of assets with repurchase agreement of RMB1,300.4 million.

In 2021, our net cash generated from financing activities was RMB1,537.3 million, which was primarily attributable to capital injection by shareholders of RMB2,201.5 million, proceeds from interest-bearing borrowings of RMB2,625.5 million, proceeds from issuance of asset-backed securities of RMB2,600.1 million, proceeds from financial assets sold under repurchase agreement of RMB1,308.5 million, repayment of asset-backed securities of RMB2,682.2 million, repayment of interest-bearing borrowings of RMB1,804.3 million, repurchase of assets with repurchase agreement of RMB1,147.5 million and payments related to reorganization of RMB1,137.0 million.

Cash Management and Treasury Policy

As our business relies primarily on its available cash, we normally set aside a sufficient amount of cash for general working capital needs, such as general and administrative expenses and payment of interests on interest-bearing borrowings, and use substantially all of the remainder for granting loans to our customers and operating our agricultural production services, rural consumer goods and services and rural clean energy services. As part of our cash management and treasury measures, our Company and subsidiaries are responsible for their own cash management, including the use of surplus funds in short-term investments and the borrowing plan for anticipated cash need for business operations. We periodically monitor our short-term and long-term working capital needs to ensure sufficient cash and securities that may readily be realized into cash are available to us. Meanwhile, we also obtain facility commitment from major financial institutions to back up our short-term and long-term working capital needs.

As of December 31, 2021, 2022 and September 30, 2023, the total cash and cash equivalents amounted to RMB1,217.9 million, RMB863.3 million and RMB1,104.3 million, respectively, which we consider to be adequate based on our actual working capital needs.

INDEBTEDNESS

We are not subject to any material financial covenants or other significant operating covenants under our existing indebtedness. The following table sets forth the outstanding amounts of our indebtedness as of the dates indicated:

	As of December 31,		As of September 30,	As of December 31,
	2021	2022	2023	2023
	(in thousands of RMB)			
			(unaudited)	*(unaudited)*
Bank loans				
Guaranteed loans	55,000	–	–	–
Unsecured loans	80,700	100,000	75,000	115,000
Pledged loans	605,378	548,170	530,974	649,285
Other borrowings				
Pledged loans	1,186,402	1,573,731	2,296,253	2,102,331
Unsecured loans	740,533	867,333	598,132	523,836
Accrued interest	22,793	28,227	59,988	39,998
Sub-total	2,690,806	3,117,461	3,560,347	3,430,450

	As of December 31, 2021	As of December 31, 2022	As of September 30, 2023	As of December 31, 2023
	(in thousands of RMB)			
			(unaudited)	*(unaudited)*
Asset-backed securities issued				
Priority tranches	4,180,133	1,885,403	1,835,390	1,921,920
Accrued interest	31,965	20,271	6,053	7,839
Sub-total	4,212,098	1,905,674	1,841,443	1,929,759
Financial assets sold under repurchase agreement	501,654	651,213	661,304	606,470
Lease liabilities	39,496	44,987	43,761	48,816
Redeemable preferred shares	4,919,695	6,032,100	6,307,295	6,469,238
Total	12,363,749	11,751,435	12,414,150	12,484,733

Interest-bearing borrowings

Our interest-bearing borrowings primarily consist of bank loans and other borrowings. Our interest-bearing borrowings increased by 15.9% from RMB2,690.8 million as of December 31, 2021 to RMB3,117.5 million as of December 31, 2022 and further increased to RMB3,560.3 million as of September 30, 2023, which was primarily used to fund our rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services.

As of December 31, 2023, the amount of our unutilized banking facilities was RMB669.8 million.

The table below sets forth the range of effective interest rates (per annum) of our borrowings as of the dates indicated:

	As of December 31, 2021	As of December 31, 2022	As of September 30, 2023
Interest-bearing borrowings	3.30%–6.36%	3.30%–6.43%	3.00%–6.50%

Asset-backed securities issued

Our asset-backed securities issued decreased by 54.8% from RMB4,212.1 million as of December 31, 2021 to RMB1,905.7 million as of December 31, 2022 and further decreased to RMB1,841.4 million as of September 30, 2023, mainly due to (i) a decrease in the asset-backed securities issued during the corresponding years/periods in the Track Record Period due to our strategies to focus on developing our loan facilitation business and (ii) the maturity of previously issued asset-backed securities.

Except as discussed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of December 31, 2023, being the latest practicable date for our indebtedness statement.

Except for our indebtedness as disclosed above, since September 30, 2023 and up to the date of this document, there has not been any material and adverse change in our indebtedness and contingent liabilities. Our Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise.

CAPITAL EXPENDITURES

Our capital expenditures consist of payments for the purchase of property, equipment and other non-current assets. The following table sets forth our capital expenditures for the periods indicated.

	For The Year Ended December 31,		For The Nine Months Ended September 30,	
	2021	2022	2022	2023
	(in thousands of RMB)			
			(unaudited)	
Payments for the purchase of property, equipment and other non-current assets	(27,975)	(30,017)	(19,651)	(40,006)
Total	(27,975)	(30,017)	(19,651)	(40,006)

Our capital expenditures increased by 7.3% from RMB28.0 million in 2021 to RMB30.0 million in 2022 and further increased by 103.6% from RMB19.7 million in the nine months ended September 30, 2022 to RMB40.0 million in the same period in 2023, primarily due to our development of household distributed PV projects which was launched in the third quarter of 2022.

We plan to fund our planned capital expenditures using cash generated from operating activities and [**REDACTED**] received from the [**REDACTED**]. See the section "Future Plans and [**REDACTED**]" in this document for more details. We may reallocate the fund to be utilized on capital expenditure based on our ongoing business needs.

See "Business—Risk Management and Internal Control—Investment Risk Management" for a discussion of our investment policy and investment risk management.

CONTRACTUAL OBLIGATIONS

As of December 31, 2021, 2022 and September 30, 2023, respectively, we did not have any significant commitments, except otherwise disclosed in this document. Please see Note 32 of Accountants' Report included in Appendix I to this document.

CONTINGENT LIABILITIES

As of December 31, 2021, 2022 and September 30, 2023, respectively, we did not have any material contingent liabilities.

ON- AND OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have diversified funding sources. We fund some of our credit products through our microcredit companies, and the trust plans set up by a partner trust company that we collaborate with, and we record such funding as on-balance sheet loans. We have entered into cooperative agreements with commercial banks in China, pursuant to which we facilitate loans funded by our partner banks, which are recorded as our off-balance sheet loans. For loans funded by our partner banks, they are entitled to receive repayments of the loans and accrued interests directly from the borrowers. We charge service fees for our loan facilitation services. We also jointly fund loans with our partner banks, pursuant to which our partner banks and us are entitled to receive the repayments and accrued interests corresponding the respective amount of loans funded by each party. In this case, we recognize interest income for the portion of loans funded by us and record such loans as on-balance sheet loans. We recognize loan facilitation income for the portion of loans funded by our partner banks and facilitated by us and record such loans as off-balance sheet loans. See "Business—Our Services—Rural Inclusive Credit Services—Funding."

Historically, we were contractually obliged to compensate our partner banks for actual defaults of the loans funded by them. From December 2021 to December 2022, we gradually terminated all such contractual obligations to financial institutions. We may voluntarily purchase a portion of overdue loans from our partner financial institutions to improve our bargaining power in negotiating our service fees and facilitate debt collection as we are closer to borrowers, which are recorded as receivables arising from loan facilitation business and included in our on-balance sheet loans. We charge commissions from partner banks in two models. For some of our loan facilitation businesses, we charge a fixed-rate and non-refundable base service fee for referral services and an excess service fee for the credit performance of the loans referred. For others, we only charge a fixed-rate service fee. Please see "—Description of Major Components of Our Results of Operations—Total Revenue" for details.

The following table sets forth the outstanding balance of our on- and off-balance sheet loans as of the end of the periods presented:

	As of December 31,				As of September 30,	
	2021		2022		2023	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Outstanding balance of on-balance sheet loans	10,648,043	71.1	9,865,970	65.1	10,079,973	57.2
– Loans and advances to customers	10,567,147	70.5	9,768,655	64.4	9,992,253	56.7
– Receivables arising from loan facilitation business	80,896	0.5	97,315	0.6	87,720	0.5
Outstanding balance of off-balance sheet loans	4,333,250	28.9	5,291,675	34.9	7,554,545	42.8
Total outstanding balance	14,981,293	100.0	15,157,645	100.0	17,634,517	100.0

As a result of our strategies to focus on developing our loan facilitation business, outstanding balance of off-balance sheet loans increased from RMB4,333.3 million as of December 31, 2021 to RMB5,291.7 million as of December 31, 2022, and further increased to RMB7,554.5 million as of September 30, 2023. The outstanding balance of on-balance sheet loans decreased from RMB10,648.0 million as of December 31, 2021 to RMB9,866.0 million as of December 31, 2022, and increased to RMB10,080.0 million as of September 30, 2023.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 33 to the Accountants' Report included in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

As of December 31, 2021, 2022 and September 30, 2023, our total balances due from related parties was trade in nature and amounted to RMB1.6 million, RMB129 thousand and RMB18.3 million, respectively. During the Track Record Period, we do not have amounts due to related parties. For details of the related party transactions, see Note 33 to the Accountants' Report included in Appendix I to this document.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management.

Credit Risk

Credit risk refers to the risk that a borrower will default on his or her contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to financial assets measured at amortized cost and certain historical contractual obligations. Please see "—Summary of Financial Position—Accruals and Other Payables" for details.

Our exposure to credit risks arising from cash and cash equivalents, pledged and restricted cash are limited because the counterparties are banks and financial institutions, of which we consider to have low credit risk.

For credit risk arising from financial assets measured at amortized cost and certain historical obligations, we adopt the same pre-approval, review and credit approval risk management system. During the post-transaction monitoring process, we conduct a visit of customers within one month after disbursement of loans and receivables, and conduct on-site inspection on a semi-annual basis. Such review focuses on the use of loans and receivables, the financial and operational conditions of the borrowers or the progress of projects and status of the collateral.

We classify financial assets measured at amortized cost into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three stages are defined as follows:

- *Stage 1:* A financial asset of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month expected credit losses is recognized as loss allowance.

- *Stage 2:* A financial asset with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognized as loss allowance.

- *Stage 3:* A financial asset is considered to be credit-impaired as of statement of financial position date. The amount equal to lifetime expected credit losses is recognized as loss allowance.

We write off financial assets when we have exhausted practical recovery efforts and have concluded there is no reasonable expectation of recovery. The information about our exposure to credit risk is disclosed in Note 31(a) to the Accountants' Report included in Appendix I to this document.

Interest Rate Risk

Interest-bearing financial instruments at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest risk, respectively. Our interest-bearing financial instruments consist of (i) financial assets at fixed rates and variable rates, consisting of cash and cash equivalents and restricted cash, loans and advances to customers, financial assets held under resale agreements and financial assets measured at fair value through profit or loss and (ii) financial liabilities at fixed rates, consisting of interest-bearing borrowings, financial assets sold under repurchase agreements and asset-backed securities issued.

We determine the appropriate weightings of the fixed and floating rate interest-bearing instruments based on current market conditions and perform regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. Please see Note 31 to the Accountants' Report included in Appendix I to this document for sensitivity analysis of our interest rate risk.

Liquidity Risk

Our management regularly monitors our liquidity requirements to ensure that we maintains sufficient reserves of cash to meet our liquidity requirements in the short and long term. The following tables show the remaining contractual maturities at the end of each reporting period of our financial assets and financial liabilities, which are based on contractual undiscounted cash flows and the earliest date we can be required to pay:

	Indefinite	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount at December 31/ September 30
				(in thousands of RMB)				
As of December 31, 2021								
Interest-bearing borrowings	–	28,508	80,412	653,976	2,188,947	–	2,951,843	2,690,806
Asset-backed securities issued	–	–	56,123	3,001,532	1,332,625	–	4,390,280	4,212,098
Financial assets sold under repurchase agreement	–	60,966	295,847	152,754	–	–	509,567	501,654
Derivative financial instruments	–	–	–	13,725	48,387	–	62,112	54,684
Lease liabilities	–	1,019	1,463	18,171	21,003	244	41,900	39,496
Accruals and other payables	10,754	–	–	–	–	–	10,754	10,754
Total financial liabilities	10,754	90,493	433,845	3,840,158	3,590,962	244	7,966,456	7,509,492

	Indefinite	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount at December 31/ September 30
				(in thousands of RMB)				
As of December 31, 2022								
Interest-bearing borrowings	–	298,482	158,640	1,512,146	1,454,700	–	3,424,038	3,117,461
Asset-backed securities issued	–	–	26,908	1,272,666	672,862	–	1,972,436	1,905,674
Financial assets sold under repurchase agreement	–	124,032	147,488	392,940	–	–	664,460	651,213
Derivative financial instruments	–	–	–	10,451	16,782	–	27,233	26,194
Lease liabilities	–	3,510	2,331	19,962	20,462	2,771	49,036	44,987
Total financial liabilities	–	426,024	335,367	3,208,165	2,164,876	2,771	6,137,203	5,745,529
As of September 30, 2023								
Interest-bearing borrowings	–	499,178	173,318	1,030,115	2,104,122	–	3,806,733	3,560,347
Asset-backed securities issued	–	–	706,625	1,190,518	–	–	1,897,143	1,841,443
Financial assets sold under repurchase agreements	–	151,417	303,609	216,919	–	–	671,945	661,304
Derivative financial instruments	–	–	1,638	1,493	(662)	–	2,469	2,400
Lease liabilities	–	563	3,752	14,698	22,617	9,628	51,258	43,761
Total financial liabilities	–	651,158	1,188,942	2,453,743	2,126,077	9,628	6,429,548	6,109,255

In addition, we were also exposed to liquidity risk arising from the redemption and liquidation features of the redeemable preferred shares at December 31 2021, 2022, and September 30, 2023, which are further detailed in Note 27 to the Accountants' Report in Appendix I.

Currency Risk

The functional currency of our entities incorporated in the Cayman Islands and Hong Kong is U.S. dollars. Our PRC subsidiaries and Consolidated Affiliated Entities determined their functional currency to be Renminbi. We expose to currency risk primarily through obtaining interest-bearing borrowings that are denominated in U.S. dollars and Euros, which gives rise to our currency risk.

The following table details our exposure to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate as at December 31, 2021, 2022 and September 30, 2023. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate as of the dates indicated.

	As of December 31,				As of September 30,	
	2021		2022		2023	
	USD	*EUR*	*USD*	*EUR*	*USD*	*EUR*
	(in thousands of RMB)					
					(unaudited)	
Cash and cash equivalent	69,152	–	13,347	–	71,119	–
Interest-bearing borrowings	(1,006,302)	(308,281)	(1,058,577)	(475,592)	(950,132)	(357,028)
Redeemable preferred shares	(4,919,695)	–	(6,032,100)	–	(6,307,295)	–
Total	(5,856,845)	(308,281)	(7,077,330)	(475,592)	(7,186,308)	(357,028)

FUTURE DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Our Directors regularly review our dividend policy by taking into consideration a number of factors, including our evolving strategies, results of operations, financial condition, operating and capital investment requirements and other factors it may deem relevant. As advised by our legal advisor on Cayman Islands law, under the laws of the Cayman Islands, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our shareholders as dividends may be declared and paid out of our share premium account notwithstanding our profitability, provided that this would not result in our Company being unable to pay debts as they fall due in the ordinary course of business. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS Accounting Standards. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. During the Track Record Period, no dividends have been paid or declared by us, but we may pay dividends in the future.

WORKING CAPITAL CONFIRMATION

While we had negative cash flows from operations in 2021, taking into account the financial resources available to us, including our cash and cash equivalents on hand, interest-bearing borrowings, asset-backed securities issued and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document. We had net cash used in operating activities of RMB1,793.1 million in 2021 and net cash generated from operating activities of RMB1,699.1 million and RMB369.1 million in 2022 and the nine months ended September 30, 2023, respectively.

Our Directors confirm that we had no material defaults in payment of trade and non-trade payables and borrowings, or breaches of covenants during the Track Record Period and up to the Latest Practicable Date.

DISTRIBUTABLE RESERVES

As of September 30, 2023, we did not have any distributable reserves.

[REDACTED] EXPENSES

Based on the mid-point [**REDACTED**] of HK$[**REDACTED**], the total estimated [**REDACTED**] expenses in relation to the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and all discretionary incentive fees in the [**REDACTED**] are paid in full) is approximately RMB[**REDACTED**] million. The estimated [**REDACTED**] expenses consist of (i) [**REDACTED**] expenses (including [**REDACTED**] fees and commissions) of RMB[**REDACTED**] million, (ii) fees and expenses of legal advisers and accountants of RMB[**REDACTED**] million and (iii) other fees and expenses of RMB[**REDACTED**] million. We incurred [**REDACTED**] expenses of RMB[**REDACTED**] million, RMB[**REDACTED**] million, RMB[**REDACTED**] million and [**REDACTED**] in 2021, 2022, the nine months ended September 30, 2022 and September 30, 2023, respectively. Approximately RMB[**REDACTED**] million of the estimated [**REDACTED**] expenses is expected to be charged to our consolidated statements of profit or loss and comprehensive income. The balance of approximately RMB[**REDACTED**] million, which mainly includes [**REDACTED**] commission, is expected to be accounted for as a deduction from equity upon the completion of the [**REDACTED**].

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

Please refer to Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since September 30, 2023, which is the end date of the periods reported on in the Accountants' Report included in Appendix I to this document, and there is no event since September 30, 2023 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For further details of our future plans, please see "Business—Our Strategies."

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million after deducting the estimated [**REDACTED**] and commissions and estimated [**REDACTED**] expenses payable by us, based upon an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**] stated in this document, and assuming the [**REDACTED**] is not exercised.

We intend to use the net [**REDACTED**] we will receive from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for further investing in our local service network to increase our geographic coverage and deepen our penetration in rural areas. We will accelerate in opening more branches in new geographic regions across China to expand our customer reach, while upgrading our existing branches to enhance our service coverage and capabilities.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to support our acceleration in openings of new branches. We expect to open approximately 80 to 120 new branches in each of the three years from 2024 to 2026, and expect to incur expenses for recruitment and training of new personnel, lease and renovation of properties and procurement of vehicles and equipment. We plan to open new branches in provinces where we already established presence yet with considerable headroom for further expansion; specifically, we plan to deepen our penetration in central-western China where our presence is limited.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to upgrade our existing branches. We expect to upgrade approximately 100 to 200 existing branches in each of the years from 2024 to 2026, and expect to incur expenses for recruitment of additional personnel, deployment of our upgraded IT system and renovation of properties.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for broadening and optimizing our products and services. We plan to further enhance our rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services, with a goal to improve the synergy across our business segments.

- o Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to further develop our rural inclusive credit services. We plan to elevate our market position through enlarging our capital base to expand service scale and enhance service quality.

- o Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to enrich our agricultural production services and rural consumer goods and services. Specifically,

  (i) We plan to collaborate with more reputable business partners in different verticals to further diversify the products offered on our platform and customize quality products suitable for rural customers;

  (ii) We plan to selectively develop an array of private-label products tailored to the needs of rural customers and launch marketing activities;

  (iii) We plan to explore new rural online retail channels by partnering with leading short video platforms, live broadcast platforms and others. Through our multi-channel network (MCN), we will also cooperate with more rural Internet influencers or livestreaming talents to promote our brands and acquire additional customers; and

  (iv) We plan to increase investment in warehousing facilities and improve our logistics and supply chain capabilities.

- o Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to scale up our rural clean energy services. We will increase our investment in the development of new household distributed PV projects, so as to continuously seek new business opportunities in the rural market.

• Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for investing in research and development and to strengthen technological capabilities. We plan to launch a series of R&D projects, including: (i) projects aiming at enhancing our overall big data analytics capabilities, so as to improve our capabilities in terms of operational support, customer insights, risk control and product innovation across all of our business segments, and (ii) projects targeting at R&D for specific service offerings. For example, we plan to upgrade the service platform for our agricultural production services, utilizing advanced technologies such as blockchain and IoT; and to build a platform for new media e-commerce operations for our rural consumer goods and services. To support the implementation of these projects, we will continue recruiting and retaining experienced and competitive R&D talent.

• Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to seek investment and acquisition opportunities in agricultural technology companies or companies along the agricultural supply chain that can generate synergies with us.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for working capital and other general corporate purposes.

If the [**REDACTED**] is set at HK$[**REDACTED**] per [**REDACTED**], being the high end of the indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised, the net [**REDACTED**] we receive will be approximately HK$[**REDACTED**] million, after deduction of [**REDACTED**] and commissions and estimated expense payable by us in connected with the [**REDACTED**].

If the [**REDACTED**] is set at HK$[**REDACTED**] per [**REDACTED**], being the low end of the indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised, the net [**REDACTED**] we receive will be approximately HK$[**REDACTED**] million, after deduction of [**REDACTED**] and commissions and estimated expense payable by us in connected with the [**REDACTED**].

If the [**REDACTED**] is exercised in full, we will receive additional net [**REDACTED**] ranging from approximately HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low end of the proposed [**REDACTED**]) to HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the high end of the proposed [**REDACTED**]), after deduction of the [**REDACTED**] and commissions and estimated expenses payable by us in connection with the [**REDACTED**].

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we may hold such funds in short-term deposits with authorized financial institutions or licensed commercial banks as defined under the Securities and Futures Ordinance, relevant PRC laws and regulations or other applicable laws and regulations so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Hong Kong Listing Rules.

We will issue announcements, where required, if there is any material change in the use of [**REDACTED**] mentioned above.

[REDACTED]

[REDACTED]

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The following is the text of a report set out on pages I-1 to I-86, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHONGHO BRIDGE LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Chongho Bridge Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-86, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2021 and 2022, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2021 and 2022 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-86 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company 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' judgment, 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2021 and 2022 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of financial position of the Group and the statement of financial position of the Company as at September 30, 2023 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2022 and 2023 and other explanatory information (the "Interim Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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-4 have been made.

Dividends

We refer to Note 28(c) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

[KPMG]
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[Date]

I HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP 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 yuan (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Expressed in RMB

	Note	Year ended December 31,		Nine months ended September 30,	
		2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000* (unaudited)
Revenue from rural inclusive credit services	4(a)	1,661,458	1,834,912	1,361,655	1,477,518
Revenue from agricultural production services	4(b)	377,515	417,471	372,909	621,380
Revenue from rural consumer goods and services	4(b)	184,885	176,172	122,954	169,532
Revenue from rural clean energy services	4(b)	–	656	52	3,579
Total revenue		2,223,858	2,429,211	1,857,570	2,272,009
Cost of sales	5	(488,696)	(516,484)	(449,495)	(683,288)
Sales and marketing expenses	5	(689,777)	(773,043)	(566,160)	(695,551)
General and administrative expenses	5	(267,468)	(278,335)	(181,735)	(180,193)
Research and development expenses	5	(67,676)	(84,289)	(63,496)	(77,449)
Changes in fair value of derivative financial instruments	5	(19,923)	40,448	59,800	50,444
Changes in fair value of redeemable preferred shares	27	(491,181)	(635,458)	(623,467)	(86,768)
Net foreign exchange gain/(loss)	5	30,821	(95,171)	(113,151)	(39,156)
Impairment losses	6	(186,696)	(255,052)	(186,865)	(191,278)
Other net income	7	9,519	38,026	43,172	25,785
Profit/(loss) before taxation		52,781	(130,147)	(223,827)	394,555
Income tax expense	8	(89,219)	(69,085)	(51,259)	(64,069)
(Loss)/profit for the year/period		(36,438)	(199,232)	(275,086)	330,486
Attributable to:					
Shareholders of the Company		(36,637)	(198,873)	(274,913)	329,597
Non-controlling interests		199	(359)	(173)	889
(Loss)/profit for the year/period		(36,438)	(199,232)	(275,086)	330,486
(Loss)/profit per share					
Basic and diluted	11	N/A	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Expressed in RMB

	Note	Year ended December 31, 2021 RMB'000	Year ended December 31, 2022 RMB'000	Nine months ended September 30, 2022 RMB'000 (unaudited)	Nine months ended September 30, 2023 RMB'000 (unaudited)
(Loss)/profit for the year/period		(36,438)	(199,232)	(275,086)	330,486
Other comprehensive income for the period (after tax and reclassification adjustments)					
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of overseas companies		100,146	(470,675)	(597,773)	(186,224)
Total comprehensive income for the year/period		63,708	(669,907)	(872,859)	144,262
Attributable to:					
Shareholders of the Company		63,509	(669,548)	(872,686)	143,373
Non-controlling interests		199	(359)	(173)	889
Total comprehensive income for the year/period		63,708	(669,907)	(872,859)	144,262

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in RMB

	Note	As at December 31, 2021 RMB'000	As at December 31, 2022 RMB'000	As at September 30, 2023 RMB'000 (unaudited)
Assets				
Cash and cash equivalents	12(a)	1,217,947	863,293	1,104,326
Restricted cash	12(b)	256,988	189,271	312,709
Loans and advances to customers	13	10,363,840	9,407,506	9,631,405
Financial assets held under resale agreements	14	49,888	–	–
Financial assets measured at fair value through profit or loss	15	52,358	8,389	135,816
Derivative financial instruments	24	–	11,958	38,608
Property and equipment	16	130,133	139,499	166,465
Intangible assets	17	33,736	34,638	34,579
Deferred tax assets	19(b)	81,259	109,002	119,125
Goodwill		3,688	3,688	3,688
Other assets	20	495,229	651,593	683,327
Total assets		12,685,066	11,418,837	12,230,048
Liabilities				
Interest-bearing borrowings	21	2,690,806	3,117,461	3,560,347
Asset-backed securities issued	22	4,212,098	1,905,674	1,841,443
Financial assets sold under repurchase agreement	23	501,654	651,213	661,304
Derivative financial instruments	24	54,684	26,194	2,400
Accruals and other payables	25	410,749	476,150	567,053
Contract liabilities	26	64,423	70,309	25,348
Income tax payable	19(a)	93,596	91,729	18,634
Redeemable preferred shares	27	4,919,695	6,032,100	6,307,295
Deferred tax liabilities	19(b)	48,042	877	4,183
Total liabilities		12,995,747	12,371,707	12,988,007
Net liabilities		(310,681)	(952,870)	(757,959)
Capital and reserves	28			
Reserves		(317,836)	(961,166)	(782,208)
Total deficit attributable to shareholders of the Company		(317,836)	(961,166)	(782,208)
Non-controlling interests		7,155	8,296	24,249
Total deficit		(310,681)	(952,870)	(757,959)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

Expressed in RMB

	Note	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
		RMB'000	*RMB'000*	*RMB'000* (unaudited)
Assets				
Cash and cash equivalents	*12(a)*	35,753	11,007	11,343
Investment in a subsidiary	*18(a)*	3,273,909	3,602,518	3,750,380
Amount due from a subsidiary	*18(b)*	516,431	585,723	603,820
Other asset		693	2,363	2,437
Total assets		3,826,786	4,201,611	4,367,980
Liability				
Redeemable preferred shares	*27*	4,919,695	6,032,100	6,307,295
Net liabilities		(1,092,909)	(1,830,489)	(1,939,315)
Capital and reserves	*28*			
Reserves		(1,092,909)	(1,830,489)	(1,939,315)
Total deficit		(1,092,909)	(1,830,489)	(1,939,315)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Expressed in RMB

		Attributable to shareholders of the Company								
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Exchange reserve	Retained earnings	Total	Non-controlling interests	Total (deficit)/ equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		28(a)	*28(b)(i)*	*28(b)(ii)*	*28(b)(iii)*	*28(b)(iv)*				
At January 1, 2021		–	(1,056,227)	57,428	60,785	224,384	285,331	(428,299)	–	(428,299)
Changes in equity for 2021:										
(Loss)/profit for the year		–	–	–	–	–	(36,637)	(36,637)	199	(36,438)
Other comprehensive income		–	–	–	–	100,146	–	100,146	–	100,146
Total comprehensive income		–	–	–	–	100,146	(36,637)	63,509	199	63,708
Acquisition of subsidiaries with Non-controlling interests ("NCI")		–	–	–	–	–	–	–	6,956	6,956
Equity-settled share-based payment	*29*	–	46,954	–	–	–	–	46,954	–	46,954
Appropriation to surplus reserve	*28(b)*	–	–	29,260	–	–	(29,260)	–	–	–
Appropriation to general reserve	*28(b)*	–	–	–	59,885	–	(59,885)	–	–	–
At December 31, 2021		–	(1,009,273)	86,688	120,670	324,530	159,549	(317,836)	7,155	(310,681)

The accompanying notes form part of the Historical Financial Information.

		Attributable to shareholders of the Company								
	Note	**Share capital**	**Capital reserve**	**Surplus reserve**	**General reserve**	**Exchange reserve**	**Retained earnings/ (accumulated deficit)**	**Total**	**Non-controlling interests**	**Total (deficit)/ equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		28(a)	*28(b)(i)*	*28(b)(ii)*	*28(b)(iii)*	*28(b)(iv)*				
At January 1, 2022		–	(1,009,273)	86,688	120,670	324,530	159,549	(317,836)	7,155	(310,681)
Changes in equity for 2022:										
(Loss)/profit for the year		–	–	–	–	–	(198,873)	(198,873)	(359)	(199,232)
Other comprehensive income		–	–	–	–	(470,675)	–	(470,675)	–	(470,675)
Total comprehensive income		–	–	–	–	(470,675)	(198,873)	(669,548)	(359)	(669,907)
Equity-settled share-based payment	29	–	26,218	–	–	–	–	26,218	–	26,218
Capital injection by NCI		–	–	–	–	–	–	–	1,500	1,500
Appropriation to surplus reserve	*28(b)*	–	–	27,483	–	–	(27,483)	–	–	–
Appropriation to general reserve	*28(b)*	–	–	–	4,355	–	(4,355)	–	–	–
At December 31, 2022		–	(983,055)	114,171	125,025	(146,145)	(71,162)	(961,166)	8,296	(952,870)

The accompanying notes form part of the Historical Financial Information.

		Attributable to shareholders of the Company								
	Note	**Share capital**	**Capital reserve**	**Surplus reserve**	**General reserve**	**Exchange reserve**	**Retained earnings/ (accumulated deficit)**	**Total**	**Non-controlling interests**	**Total (deficit)/ equity**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		28(a)	*28(b)(i)*	*28(b)(ii)*	*28(b)(iii)*	*28(b)(iv)*				
At January 1, 2022		–	(1,009,273)	86,688	120,670	324,530	159,549	(317,836)	7,155	(310,681)
(unaudited)										
Changes in equity for the nine months ended September 30, 2022:										
Loss for the period		–	–	–	–	–	(274,913)	(274,913)	(173)	(275,086)
Other comprehensive income		–	–	–	–	(597,773)	–	(597,773)	–	(597,773)
Total comprehensive income		–	–	–	–	(597,773)	(274,913)	(872,686)	(173)	(872,859)
Capital injection by NCI		–	–	–	–	–	–	–	1,500	1,500
Equity-settled share-based payment	29	–	18,731	–	–	–	–	18,731	–	18,731
At September 30, 2022		–	(990,542)	86,688	120,670	(273,243)	(115,364)	(1,171,791)	8,482	(1,163,309)

The accompanying notes form part of the Historical Financial Information.

	Note	Attributable to shareholders of the Company								
		Share capital	Capital reserve	Surplus reserve	General reserve	Exchange reserve	Retained earnings/ (accumulated deficit)	Total	Non-controlling interests	Total (deficit)/ equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		28(a)	28(b)(i)	28(b)(ii)	28(b)(iii)	28(b)(iv)				
At January 1, 2023		–	(983,055)	114,171	125,025	(146,145)	(71,162)	(961,166)	8,296	(952,870)
(unaudited)										
Changes in equity for the nine months ended September 30, 2023:										
Profit for the period		–	–	–	–	–	329,597	329,597	889	330,486
Other comprehensive income		–	–	–	–	(186,224)	–	(186,224)	–	(186,224)
Total comprehensive income		–	–	–	–	(186,224)	329,597	143,373	889	144,262
Transactions with non-controlling interests		–	–	–	–	–	–	–	12,064	12,064
Capital injection by NCI		–	–	–	–	–	–	–	3,000	3,000
Equity-settled share-based payment	29	–	35,585	–	–	–	–	35,585	–	35,585
At September 30, 2023		–	(947,470)	114,171	125,025	(332,369)	258,435	(782,208)	24,249	(757,959)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in RMB

	Note	Year ended December 31, 2021	Year ended December 31, 2022	Nine months ended September 30, 2022	Nine months ended September 30, 2023
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Operating activities					
Profit/(loss) before taxation		52,781	(130,147)	(223,827)	394,555
Adjustments for:					
Interest and commission expense		381,023	391,167	296,986	258,676
Depreciation and amortisation		47,533	46,238	34,807	37,804
Impairment losses		186,696	255,052	186,865	191,278
Gain on disposal of equipment		(1,554)	(840)	(661)	(833)
Equity-settled share-based payment		46,954	31,650	24,163	35,585
Changes in fair value of derivative financial instruments		19,923	(40,448)	(59,800)	(50,444)
Changes in fair value of financial instruments measured at fair value through profit and loss		(574)	(3)	(522)	(337)
Changes in fair value of redeemable preferred shares		491,181	635,458	623,467	86,768
Net gain on financial assets measured at fair value through profit or loss		(5,679)	(8,240)	(8,690)	(3,933)
Foreign exchange (gain)/loss		(30,821)	95,171	113,151	39,156
Operating profit before changes in working capital		1,187,463	1,275,058	985,939	988,275
Changes in working capital					
Increase in pledged and restricted deposits		(119,917)	(33,471)	(50,218)	(90,604)
(Increase)/decrease in loans and advances to customers		(2,345,778)	741,177	416,355	(325,720)
(Increase)/decrease in other assets		(308,956)	(217,485)	102,675	(78,687)
(Decrease)/increase in contract liabilities		(32,856)	5,886	(34,937)	(44,961)
(Decrease)/increase in accruals and other payables		(6,614)	73,810	109,024	64,818
Cash (used in)/generated from operations		(1,626,658)	1,844,975	1,528,838	513,121
PRC income taxes paid	*19(a)*	(166,398)	(145,860)	(136,649)	(143,981)
Net cash (used in)/generated from operating activities		(1,793,056)	1,699,115	1,392,189	369,140

The accompanying notes form part of the Historical Financial Information.

	Note	Year ended December 31, 2021 RMB'000	Year ended December 31, 2022 RMB'000	Nine months ended September 30, 2022 RMB'000 (unaudited)	Nine months ended September 30, 2023 RMB'000 (unaudited)
Investing activities					
Proceeds from disposal of property and equipment		4,492	3,784	2,872	2,981
Proceeds from sale of investments		4,270,258	3,495,164	2,922,415	929,363
Acquisition of subsidiaries, net of cash acquired		(6,992)	–	–	–
Payments for the purchase of property, equipment and other non-current assets		(27,975)	(30,017)	(19,651)	(40,006)
Payments on purchase of investments		(4,250,263)	(3,393,052)	(2,974,565)	(1,052,520)
Net cash (used in)/generated from investing activities		(10,480)	75,879	(68,929)	(160,182)
Financing activities					
Capital injection by shareholders		2,201,461	–	–	–
Capital injection by Non-controlling shareholders		–	1,500	1,500	3,000
Payment for repurchase of shares		–	–	–	(5,431)
Payments related to reorganization		(1,136,965)	–	–	–
Proceeds from interest-bearing borrowings	*12(c)*	2,625,510	1,057,204	584,987	1,050,488
Proceeds from issuance of asset-backed securities	*12(c)*	2,600,120	1,334,777	1,007,897	1,648,000
Proceeds from financial assets sold under repurchase agreement	*12(c)*	1,308,465	1,448,510	860,000	1,074,680
Proceeds from settlement of derivatives	*12(c)*	(16,419)	22,264	1,749	3,419
Repayment of interest-bearing borrowings	*12(c)*	(1,804,270)	(749,081)	(502,042)	(677,592)
Repayment of asset-backed securities	*12(c)*	(2,682,215)	(3,528,320)	(2,716,436)	(1,730,847)
Repurchase of assets with repurchase agreement	*12(c)*	(1,147,516)	(1,300,420)	(742,890)	(1,068,410)
Interest paid	*12(c)*	(370,046)	(372,875)	(263,160)	(212,477)
Capital element of lease rentals paid	*12(c)*	(24,291)	(22,789)	(20,184)	(25,970)
Interest element of lease rentals paid	*12(c)*	(2,512)	(1,960)	(1,152)	(1,714)
Other borrowing costs paid		(13,986)	(24,624)	(16,602)	(27,203)
Net cash generated/(used in) from financing activities		1,537,336	(2,135,814)	(1,806,333)	29,943
Net (decrease)/increase in cash and cash equivalents		(266,200)	(360,820)	(483,073)	238,901
Cash and cash equivalents at the beginning of the year/period		1,485,452	1,217,947	1,217,947	863,293
Effect of foreign exchange rate changes		(1,305)	6,166	7,399	2,132
Cash and cash equivalents at the end of the year/period	*12(a)*	1,217,947	863,293	742,273	1,104,326

The accompanying notes form part of the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

Expressed in RMB unless otherwise indicated

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Chongho Bridge Limited (the "Company"), was incorporated in the Cayman Islands on August 29, 2019 as an exempted company with limited liability under the Companies Act, (as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for a group reorganization as detailed in the section headed "History, Reorganization and Corporate Structure" in the Document. The Company and its subsidiaries, including structured entities (collectively, the "Group") are principally engaged in providing rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services in the People's Republic of China (the "PRC").

As the business conducted by Beijing Xiangzhu Electronic Technology Limited is subject to foreign investment restrictions under the relevant PRC laws and regulations (the "Relevant Businesses"), the Group (through Chongho Bridge Group Limited ("CBG"), a wholly-owned subsidiary of the Company) entered into a series of contractual arrangements (the "Contractual Arrangements") with the Beijing Xiangzhu Electronic Technology Limited and its registered shareholders to operate the Relevant Businesses.

The equity interests of the Beijing Xiangzhu Electronic Technology Limited is legally held by individuals who act as their registered shareholders on behalf of CBG. The Contractual Arrangements include exclusive business cooperation agreements, exclusive technical consultancy and service agreements, exclusive purchase option agreements, equity pledge agreements, voting proxy agreements and spouse undertakings. Under the Contractual Arrangements, CBG has the power to direct activities that most significantly impact the Consolidated Affiliated Entities, including the right to propose, convene and attend shareholders' meetings, the right to sell, transfer, pledge or dispose of shares, the right to exercise shareholders' voting rights and to appoint the directors, supervisors and other senior management members at its discretion, to the extent permitted by the PRC laws and regulations. CBG considers that they also have the right to extract substantially all of the economic benefits of the Consolidated Affiliated Entities through the service fees determined by CBG. The Group has determined that the Contractual Arrangements are in compliance with the PRC laws and regulations and are legal and valid.

The Historical Financial Information has been prepared on a going concern basis notwithstanding the fact that total liabilities exceed total assets by approximately RMB310.7 million, RMB952.9 million and RMB758.0 million as at December 31, 2021 and 2022 and September 30, 2023, respectively.

As at December 31, 2021 and 2022 and September 30, 2023, the Group recorded a financial liability resulting from redeemable preferred shares amounting to RMB4,919.7 million, RMB6,032.1 million and RMB6,307.3 million respectively. The directors of the Company have considered that the preferential right of the redeemable preferred shares would be terminated and converted into equity upon [**REDACTED**], which would lead to a significant improvement to the Group's net liabilities position. Accordingly, the directors of the Company are of the opinion that it is appropriate for the Historical Financial Information to be prepared on a going concern basis.

Intra-group balances, transactions and unrealized gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at the date of this report, no audited financial statements have been prepared for the Company, as it is an investment holding company with no substantial business since the date of incorporation, and therefore is not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulation applicable to entities in the countries in which they were incorporated and/or established.

As at September 30, 2023, the Company has direct or indirect interests in the following entities, all of which are private companies:

Company names	Place and date of incorporation/ establishment	Registered Capital	Proportion of ownership interest		Principal activities	Name of statutory auditor	*Notes*
			Held by the Company	Held by a subsidiary			
		In RMB'000, unless otherwise indicated					
Chongho Bridge HK Limited	Hong Kong October 8, 2019	HKD1	100%	–	Investment holding	KPMG	*(ii)*
CBG ("中和農信農業集團有限公司")	The PRC November 18, 2008	1,950,000	–	100%	Technology services	KPMG Huazhen LLP	*(i)(iii)*
Chongqing Chongho Bridge Microfinance Limited ("Chongqing Chongho Bridge") ("重慶市中和農信小額貸款有限公司")	The PRC January 25, 2017	550,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)(iv)*
Hebei Chongho Bridge Microfinance Limited ("Hebei Chongho Bridge") ("河北中和農信小額貸款有限公司")	The PRC August 11, 2020	500,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Hainan Chongho Bridge Microfinance Limited ("Hainan Chongho Bridge") ("海南中和農信小額貸款有限公司")	The PRC April 22, 2016	300,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Guangdong Chongho Bridge Microfinance Limited ("Guangdong Chongho Bridge") ("廣東中和農信小額貸款有限公司")	The PRC August 20, 2019	300,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Liaocheng Chongho Bridge Microfinance Limited ("Liaocheng Chongho Bridge") ("聊城中和農信小額貸款有限公司")	The PRC February 18, 2020	300,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Liaoning Kangping Chongho Bridge Microfinance Limited ("Liaoning Kangping Chongho Bridge") ("遼寧康平縣中和農信小額貸款有限責任公司")	The PRC December 5, 2011	240,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Shanxi Chongho Bridge Microfinance Limited ("Shanxi Chongho Bridge") ("山西中和農信小額貸款有限公司")	The PRC August 13, 2020	200,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Gansu Chongho Bridge Microfinance Limited ("Gansu Chongho Bridge") ("甘肅省中和農信小額貸款有限責任公司")	The PRC September 26, 2013	200,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Sichuan Chongho Bridge Microfinance Limited ("Sichuan Chongho Bridge") ("四川省中和農信小額貸款有限責任公司")	The PRC February 17, 2012	160,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Inner Mongolia Chongho Bridge Microfinance Limited ("Inner Mongolia Chongho Bridge") ("內蒙古中和農信農村小額貸款有限責任公司")	The PRC January 29, 2016	250,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Hunan Chongho Bridge Microfinance Limited ("Hunan Chongho Bridge") ("湖南中和農信小額貸款有限責任公司")	The PRC December 18, 2017	150,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Ganzhou Chongho Bridge Microfinance Limited ("Ganzhou Chongho Bridge") ("贛州中和農信小額貸款有限公司")	The PRC November 28, 2019	100,000	–	100%	Micro-credit	Ganzhou Hengcheng	*(i)(iii)(v)*
Luohe Chongho Bridge Microfinance Limited ("Luohe Chongho Bridge") ("漯河中和農信小額貸款有限公司")	The PRC July 8, 2021	200,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Lianyungang Ganyu Chongho Bridge Microfinance Limited ("Lianyungang Ganyu Chongho Bridge") ("連雲港贛榆中和農信農村小額貸款有限公司")	The PRC October 23, 2020	20,000	–	100%	Micro-credit	KPMG Huazhen LLP	*(i)(iii)*
Chongho Bridge Consulting Limited ("中和農信諮詢服務有限公司")	The PRC August 3, 2018	50,000	–	100%	Consulting service	KPMG Huazhen LLP	*(i)(iii)*
Chongho (Beijing) Agricultural Technology Limited ("Agricultural Science and Technology") ("中和農服(北京)農業科技有限公司")	The PRC October 12, 2017	10,000	–	100%	Scientific R & D	KPMG Huazhen LLP	*(i)(iii)*
Chongho (Beijing) Supply Chain Management Limited ("Supply Chain") ("中和農信(北京)供應鏈管理有限公司")	The PRC December 1, 2017	30,000	–	100%	Business Services	KPMG Huazhen LLP	*(i)(iii)*

Company names	Place and date of incorporation/ establishment	Registered Capital	Proportion of ownership interest		Principal activities	Name of statutory auditor	*Notes*
			Held by the Company	Held by a subsidiary			
		In RMB'000, unless otherwise indicated					
Beijing Little Whale Insurance Agency Limited ("Beijing Little Whale") ("北京小鯨向海保險代理有限公司")	The PRC June 3, 2009	50,000	–	85%	Agency sales of insurance products	KPMG Huazhen LLP	*(i)(iii)(x)(xi)*
Beijing Xiangzhu Electronic Technology Limited ("Xiangzhu Electronic") ("北京鄉助電子科技有限公司")	The PRC September 19, 2017	10,000	–	100%	Internet information service	KPMG Huazhen LLP	*(i)(iii)(x)(xi)*
Beijing Xiangju New Energy Technology Limited ("Xiangju New Energy") ("北京鄉居新能源科技有限公司")	The PRC December 10, 2021	10,000	–	85%	Electricity, heat production and supply	KPMG Huazhen LLP	*(i)(iii)*
Beijing Xianghe Technology Limited ("Xianghe Technology") ("北京鄉合科技有限公司")	The PRC March 16, 2023	30,000	–	100%	Technical service	N/A	*(i)(iii)(vi)*

As at September 30, 2023, the following structured entities are consolidated into the Group's consolidated financial information:

Structured entities	Date of incorporation/ establishment	Registered Capital	Proportion of ownership interest	*Notes*
		RMB'000, unless otherwise indicated		
Minshengtonghui-Chongho Bridge Agriculture-and-Small-Enterprise-Supporting Public Welfare Micro-credit Asset-Backed Special Plan (Phase I) ("民生通惠-中和農信支農支小資產支持計劃 (一期)")	September 28, 2022	285,000	33.05%	*(i)(vii)*
FOTIC-Gleaning No. 2 phase I assembled funds trust ("外貿信託-拾穗2號1期集合資金信託計劃")	August 12, 2022	266,670	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 2 phase II assembled funds trust ("外貿信託-拾穗2號2期集合資金信託計劃")	July 4, 2023	133,340	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 2 phase IV assembled funds trust ("外貿信託-拾穗2號4期集合資金信託計劃")	August 23, 2023	306,670	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase VI assembled funds trust ("外貿信託-拾穗6號6期集合資金信託計劃")	October 28, 2022	136,080	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase VII assembled funds trust ("外貿信託-拾穗6號7期集合資金信託計劃")	October 28, 2022	66,670	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase VIII assembled funds trust ("外貿信託-拾穗6號8期集合資金信託計劃")	November 8, 2022	66,670	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase IX assembled funds trust ("外貿信託-拾穗6號9期集合資金信託計劃")	November 25, 2022	133,340	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase X assembled funds trust ("外貿信託-拾穗6號10期集合資金信託計劃")	December 9, 2022	131,070	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XI assembled funds trust ("外貿信託-拾穗6號11期集合資金信託計劃")	December 22, 2022	53,340	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XII assembled funds trust ("外貿信託-拾穗6號12期集合資金信託計劃")	January 10, 2023	78,670	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XIII assembled funds trust ("外貿信託-拾穗6號13期集合資金信託計劃")	April 25, 2023	62,670	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XIV assembled funds trust ("外貿信託-拾穗6號14期集合資金信託計劃")	April 26, 2023	66,670	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XV assembled funds trust ("外貿信託-拾穗6號15期集合資金信託計劃")	June 6, 2023	56,000	25.00%	*(i)(vii)*

Structured entities	Date of incorporation/ establishment	Registered Capital *RMB'000, unless otherwise indicated*	Proportion of ownership interest	*Notes*
FOTIC-Gleaning No. 6 phase XVI assembled funds trust ("外貿信託-拾穗6號16期集合資金信託計劃")	May 24, 2023	66,670	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XVII assembled funds trust ("外貿信託-拾穗6號17期集合資金信託計劃")	June 9, 2023	133,340	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XVIII assembled funds trust ("外貿信託-拾穗6號18期集合資金信託計劃")	June 16, 2023	133,340	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XIX assembled funds trust ("外貿信託-拾穗6號19期集合資金信託計劃")	June 20, 2023	100,000	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XX assembled funds trust ("外貿信託-拾穗6號20期集合資金信託計劃")	June 30, 2023	80,000	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XXI assembled funds trust ("外貿信託-拾穗6號21期集合資金信託計劃")	July 6, 2023	133,340	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XXII assembled funds trust ("外貿信託-拾穗6號22期集合資金信託計劃")	July 25, 2023	133,340	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XXIII assembled funds trust ("外貿信託-拾穗6號23期集合資金信託計劃")	August 9, 2023	266,670	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XXIV assembled funds trust ("外貿信託-拾穗6號24期集合資金信託計劃")	August 17, 2023	166,670	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XXV assembled funds trust ("外貿信託-拾穗6號25期集合資金信託計劃")	August 25, 2023	80,000	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XXVI assembled funds trust ("外貿信託-拾穗6號26期集合資金信託計劃")	September 7, 2023	80,000	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 6 phase XXVII assembled funds trust ("外貿信託-拾穗6號27期集合資金信託計劃")	September 26, 2023	120,000	25.00%	*(i)(vii)*
FOTIC-Gleaning No. 9 phase II assembled funds trust ("外貿信託-拾穗9號2期集合資金信託計劃")	June 2, 2022	76,860	0.00%	*(i)(ix)*
FOTIC-Gleaning No. 9 phase III assembled funds trust ("外貿信託-拾穗9號3期集合資金信託計劃")	July 8, 2022	142,700	0.00%	*(i)(ix)*
FOTIC-Gleaning No. 9 phase IV assembled funds trust ("外貿信託-拾穗9號4期集合資金信託計劃")	October 26, 2022	144,290	0.00%	*(i)(ix)*
FOTIC-Gleaning No. 9 phase V assembled funds trust ("外貿信託-拾穗9號5期集合資金信託計劃")	February 24, 2023	220,080	0.00%	*(i)(ix)*
FOTIC-Gleaning No. 9 phase VI assembled funds trust ("外貿信託-拾穗9號6期集合資金信託計劃")	May 12, 2023	72,810	0.00%	*(i)(ix)*
FOTIC-Gleaning No. 9 phase VII assembled funds trust ("外貿信託-拾穗9號7期集合資金信託計劃")	June 7, 2023	103,270	0.00%	*(i)(ix)*
FOTIC-Gleaning No. 9 phase VIII assembled funds trust ("外貿信託-拾穗9號8期集合資金信託計劃")	July 14, 2023	147,050	0.00%	*(i)(ix)*
FOTIC-Gleaning No. 9 phase IX assembled funds trust ("外貿信託-拾穗9號9期集合資金信託計劃")	September 15, 2023	81,340	0.00%	*(i)(ix)*
FOTIC-Chongho Bridge No. 1 Single Fund Trust ("外貿信託-中和農信1號單一資金信託")	February 18, 2019	923,910	100.00%	*(i)(viii)*

Notes:

(i) The official names of these entities are in Chinese. The English names are for identification purpose only.

(ii) The statutory financial statements of this company were prepared in accordance with the applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

(iii) The statutory financial statements of these companies were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC.

(iv) The statutory financial statements of this entity for the year ended December 31, 2021 was audited by Chongqing Yuzi Certified Public Accountants Co., Ltd (重慶渝諮會計師事務所有限責任公司). The statutory financial statements of this entity for the year ended December 31, 2022 was audited by KPMG Huazhen LLP.

(v) The statutory financial statements of this entity for the year ended December 31, 2021 and 2022 was audited by Ganzhou Junzheng United Certified Public Accountants GP (贛州均正聯合會計師事務所(普通合夥)) and Ganzhou Hengcheng United Certified Public Accountants GP (贛州恒誠聯合會計師事務所(普通合夥)), respectively.

(vi) No statutory financial statement has been prepared for the company since it was established on March 16, 2023.

(vii) These are structured entities established by the Group for the purpose of obtaining financing from third parties. During the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023, the Group transferred some credit assets to special plans which issued shares of plans beneficiary rights to investors. Since the Group acquires all subordinated tranche and part of priority tranche of the trust beneficiary rights shares, it retains almost all the risks and rewards of the transferred credit assets. The Group determined not to derecognize the associated credit assets, and the consideration received from the priority tranche investors except for the Group were recorded as a financial liability (Note 22).

(viii) During the the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023, this structure entity was established and the Group entrusted a third-party trust company in the PRC with its own funds to issue the loans to qualified borrowers through this structure entity. The carrying amounts of interests held by the Group in this structured entity is accounted for in loans and advances to customers (Note 13).

(ix) The Company does not have direct or indirect legal ownership of the equity of these structured entities or their subsidiaries. Nevertheless, under certain contractual arrangements entered into with these structured entities and their registered owners, the Company and its legally owned subsidiaries have the right to exercise power over these structured entities, to receive variable returns from their involvement in these structured entities, and have the ability to affect those returns through their power over these structured entities. As a result, the Company is able to control these structured entities or their subsidiaries and therefore have consolidated these entities.

(x) Xiangzhu Electronic,CBG and Deshun Fengkai (Beijing) Data Analysis Technology Co., Ltd. hold 60%, 25% and 15% of the equity interest of Beijing Little Whale, respectively.

(xi) The equity interest of these entities are held through Contractual Arrangements as mentioned above.

All companies and consolidated structured entities comprising the Group have adopted December 31 as their financial year end date.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB"). Further details of the material accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing and presenting the Historical Financial Information, the Group has consistently applied all applicable new and revised IFRS Accounting Standards throughout the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2023. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning January 1, 2023 are set out in Note 34.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Interim Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement

The Historical Financial Information is presented in RMB, which is the Group's presentation currency.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for certain financial assets and liabilities measured at fair value as explained in Note 2(h) and Note 2(i).

(b) Use of estimates and judgments

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities (including structured entities and entities controlled through contractual arrangements) controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Structured entities and entities controlled through contractual arrangements have been designed such that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

An investment in a subsidiary is consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 2(h) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(q)), unless the investment is classified as held for sale.

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(q)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(q)).

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:–

–	Properties and buildings	10 - 20 years
–	Office and other equipment	3 - 5 years
–	Transportation vehicles	4 - 5 years
–	Electronic equipment	3 - 5 years
–	Leased assets	the shorter of the unexpired term of lease and estimated useful lives

Where parts of an item of property and equipment have different useful lives, the cost is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 2(q)).

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The useful lives of intangible assets are determined based on the estimated period during which the assets can bring economic benefits to the Group. The following intangible asset with finite useful life is amortized from the date it is available for use and their estimated useful lives are as follows:

Land-use right	50 years
Patent right and trademark right	10 years
Software	5 years

Both the period and method of amortization are reviewed annually.

Intangible assets are not amortized while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

Research expenditures are recognised as expenses as incurred. There were no development costs capitalised as intangible assets for the years ended December 31, 2021 and 2022 and nine months ended September 30, 2023.

(g) Leased assets

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease components and non-lease components, the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(q)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16, *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognized the change in consideration as if it were not a lease modification.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

(h) Financial instruments

(i) Recognition and initial measurement

Financial instruments are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVTPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

(ii) Classification and subsequent measurement

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

For equity investment not held for trading, the Group may irrevocably designate it as financial asset at FVOCI upon initial recognition. The designation is made on an individual basis and the investment is in line with the definition of the equity instrument from the issuer's perspective.

All other financial assets are classified as measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Subsequent measurement of financial assets

Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless the financial assets are part of a hedging relationship.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize impairment gains or losses.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities into financial liabilities at amortized cost, which are subsequently measured at amortized cost using the effective interest method.

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Credit losses and impairment of assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortized cost (including cash and cash equivalents, loans and advances to customers, financial investments measured at amortized cost, trade receivables and other receivables); and

– credit commitments.

Financial assets measured at FVTPL and equity securities designated at FVOCI (non-recycling) are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– finance lease receivables: discount rate used in the measurement of the finance lease receivable;

– credit commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade and other receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognized in accordance with Note 2(u)(i) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less allowance for impairment losses) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognized at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss.

Subsequent to initial recognition, the amount initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued (see Note 2(u)(viii)).

The Group monitors the risk that the specified debtor will default on the contract and recognizes a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognized, less accumulated amortization).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(h)(v) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(i) Derivative financial instruments

Derivatives financial instruments are recognized at fair value. At the end of each reporting period the fair value is remeasured. The gain and loss on remeasurement to fair value is recognized immediately in profit and loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(j) Fair value measurement

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, it is the current asking price. The quoted prices from an active market are prices that are readily and regularly available from an exchange, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each reporting period. Where other pricing models are used, inputs are based on market data at the end of each reporting period.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(k) Inventories

Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value. When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognized for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in Note 2(u).

(l) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see Note 2(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(h)(v) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(m)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(u)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see Note 2(m)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(u)).

(m) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (Note 2(l)).

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see Note 2(h)(v)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitor that are held for meeting short-term cash commitments, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(h)(v).

(o) Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with Note 2(h)(v) trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Refund liabilities arising from rights of returns and volume rebates are recognized in accordance with the policy set out in Note 2(u).

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (see Note 2(x)).

(q) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

– property and equipment, including right-of-use assets;

– intangible assets;

– goodwill; and

– investment in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) Share-based payments

The fair value of share awards granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial model, taking into account the terms and conditions upon which the awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the awards, the total estimated fair value of the awards is spread over the vesting period, taking into account the probability that the awards will vest.

During the vesting period, the number of share awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of awards that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the [**REDACTED**] of the Company's shares. The equity amount is recognized in the capital reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iv) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax assets can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credit, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to recognizes a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with the lease liabilities and the right-of-use assets.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company and the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

The Group carries out loan facilitation business, the related expenses accrued by the Group are for the development of the loan facilitation business. The coverage units are determined by the product type, based on the information available at the reporting date. According to the historical trends, based on the exposure at default, the judgment on probability of default and loss given default, the relevant expenses of loan facilitation business in the future should be reasonably estimated and accounted for in the current profit and loss.

The Group conducts an adequacy test on the expenses of loan facilitation business at the reporting date.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from its provision of rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from rural inclusive credit services

The Group's revenue from rural inclusive credit services represent its provision of financial solutions to customers through loans and advances, in return for interest and commission income.

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortized cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost of the asset (see Note 2(h)(v)).

The Group recognizes commission income when the Group satisfies the service/performance obligation by transferring the promised service to customers. The Group recognizes the commission income only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(ii) Revenue from agricultural production services

The Group's revenue from agricultural services mainly represent the sales of merchandise (such as agricultural inputs, equipment and other agricultural products) to its customers.

Revenue is recognized when control over a product is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Revenue from sales of merchandise and related costs is recognized on a gross basis when the Group acts as a principal. Revenue is recognized at the point in time when the control of the merchandise has been delivered, being when the goods are delivered and accepted.

(iii) Revenue from rural consumer goods and services

The Group's revenue from rural consumer goods and services mainly represent its online consumer retail services and digital insurance distribution services.

Revenue from online consumer retail services represents the sales of merchandises, which is recoginized on a gross basis when the Group acts as a principal. When the Group acts as agent and is not subject to inventory risk and does not have latitude in establishing prices and selecting suppliers, commission income is recognized on a net basis which is based on a fixed percentage of the sales amount.

Revenue from digital insurance distribution services mainly represents commissions earned from partner insurance companies for the insurance products distributed by the Group, determined based on a percentage of premiums paid by the policy holder. The agency fee rate is based on the terms specified in the service contract with the insurance company for each product sold through the Group. The Group determined that the insurance company, or the insurer, is its customer in this agreement. Insurance agency related service revenue is recognized when the signed insurance policy is in place and the Group has a present right to payment from the insurer since the Group has fulfilled its performance obligation to sell an insurance policy on behalf of the insurance company.

(iv) Dividends

Dividends income from equity investments is recognized when the investor's right to receive payment is established.

(v) Government grants

Government grants are recognized in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss over the useful life of the assets.

(vi) Income from financial guarantees issued

Income from financial guarantees issued is recognized over the term of the guarantees (see Note 2(h)(v)).

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognized in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(w) Redeemable preferred shares

The Group issued certain series of instruments to investors. The instrument holders have the right to require the Group to redeem all of the instruments held by the instrument holders at guaranteed predetermined fixed amount at certain redemption events, which are out of the control of the Group. Upon the completion of a qualified [**REDACTED**], all redeemable preferred shares will be automatically converted into fully paid and non-assessable ordinary shares.

Pursuant to IFRS 9, the instrument issued to investors are accounted for in their entirety as financial liabilities at fair value through profit or loss, with fair value changes reflected in change in fair value of redeemable preferred shares within the consolidated statement of profit or loss, except for the portion attributable to credit risk change that should be charged to other comprehensive income. Issuance costs that are directly attributable to the issue of the instruments, designated as financial liabilities at fair value through profit or loss, are recognized immediately in the consolidated statement of profit or loss.

(x) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities 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).

(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 group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGMENT AND ESTIMATES

Estimates and judgments are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these financial statements. The principal accounting policies are set forth in Note 2. The Group believes the following critical accounting policies involve the most significant judgments and estimates used in the preparation of the Historical Financial Information.

(a) Measurement of expected credit loss

The measurement of the expected credit loss allowance for the investment in financial assets and debt instruments measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit losses is further detailed in Note 31(a).

A number of significant judgments are required in applying the accounting requirements for measuring expected credit losses, such as:

– Determining criteria for significant increase in credit risk;

– Choosing appropriate models and assumptions for the measurement of expected credit losses;

– Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses.

Detailed information about the judgments and estimates made by the Group in the above areas is set out in Note 31(a).

(b) Revenue from sales of merchandise

Determining whether the Group is acting as a principal or as an agent in the sales of goods requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group acting as a principal or an agent, the Group considers, individually or in combination whether the Group is primarily responsible for fulfilment the contract, is subject to the inventory risk, has discretion to establish prices. Having considered the relevant facts and circumstances, the directors consider that the Group obtains control of those goods sold in commerce business before the goods are transferred to the customers. Accordingly, the Group is acting as a principal for the merchandise sales and the related revenue is presented on a gross basis.

(c) Recognition of deferred tax assets

Deferred tax assets are recognized for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(d) Fair value of financial instruments

The fair value of financial instruments that are not [**REDACTED**] in an active market, such as financial assets measured at fair value through profit or loss and derivative financial instruments, are determined using valuation techniques. The valuation techniques include discounted cash flow model, market comparable model, and so on.

When using valuation techniques to determine the fair value of financial instruments, the Group selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in the transactions of related assets or liabilities, uses the relevant observable inputs as much as possible, including market interest rate, stock price, among others, and uses unobservable input value if the relevant observable inputs cannot be obtained or are not feasible, such as estimation of credit risk, market volatility, liquidity adjustments, the possibilities of an [**REDACTED**] and other scenarios. The use of different valuation techniques or inputs may result in significant differences in fair value estimate. The fair value generated by valuation technique is also verified with transactions of same or similar financial instruments in observable markets according to market practice.

(e) Fair value of share-based payments

As mentioned in Note 29, the Group has granted shares options to its employees. The Group has used the binomial model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the Group in applying the binomial model.

(f) Depreciation and amortization

Property, equipment and intangible assets are depreciated and amortized using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortization costs charged. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortization, the amount of depreciation or amortization will be revised.

(g) Impairment of intangible assets that have indefinite useful lives

The Group is required to test intangible assets that have indefinite useful lives on an annual basis. Intangible assets are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount. The recoverable amount is determined based on the higher of fair value less cost to sell and value in use.

Determination of the value in use is an area involving management judgement in order to assess whether the carrying value of the intangible assets can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) timing of commercialisation, productivity and market size; (ii) revenue compound growth rate; (iii) costs and operating expenses; and (iv) the selection of discount rates to reflect the risks involved.

(h) Contractual arrangements

As disclosed in Note 1, the Group exercises control over certain entities and has the right to recognize and extract substantially all the economic benefits of these entities through the Contractual Arrangements.

The Group considers that it controls these entities through Contractual Arrangements, notwithstanding the fact that it does not hold any direct interest in these entities, as it has power over the financial and operating policies of these entities and receive substantially all of the benefits from the business activities of these entities through Contractual Arrangements. Accordingly, these entities have been accounted for as subsidiaries during the Relevant Period.

However, uncertainties in the present legal system in the PRC could limit the Group's ability to enforce the Contractual Arrangements. Significant judgment is involved in determining whether the Group can exercise control over these entities. Nevertheless, the Group has determined that the Contractual Arrangements are in compliance with the PRC laws and regulations and are legal and valid.

4 REVENUE

The principal activities of the Group are the provision of rural inclusive credit services, agricultural production services, rural consumer goods and services and rural clean energy services in the PRC. The amount of each significant category of revenue recognized is as follows:

(a) Revenue from rural inclusive credit services

	Year ended December 31,		**Nine months ended September 30,**	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Interest and commission income arising from:				
– Loans and advances to customers	1,575,070	1,769,763	1,345,288	1,229,492
– Others	22,041	5,339	5,133	338
Sub-total	1,597,111	1,775,102	1,350,421	1,229,830
Interest and commission expenses arising from:				
– Interest-bearing borrowings	(107,055)	(159,903)	(113,953)	(145,349)
– Asset-backed securities issued	(229,584)	(167,791)	(139,073)	(51,431)
– Financial assets sold under repurchase agreement	(23,621)	(34,119)	(23,709)	(31,592)
– Guarantees	(3,772)	(5,489)	(3,857)	(5,457)
– Others	(20,063)	(28,885)	(18,755)	(36,577)
Sub-total	(384,095)	(396,187)	(299,347)	(270,406)
Net Interest and commission income	1,213,016	1,378,915	1,051,074	959,424
Commission income arising from loan facilitation business	448,442	455,997	310,581	518,094
Total	1,661,458	1,834,912	1,361,655	1,477,518

(b) Revenue from other services

	Year ended December 31,		Nine months ended September 30,	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	*(unaudited)*
Revenue from contract with customers:				
– Agricultural production services	377,515	417,471	372,909	621,380
– Rural consumer goods and services	184,885	176,172	122,954	169,532
– Rural clean energy services	–	656	52	3,579
Total	562,400	594,299	495,915	794,491
Timing of revenue recognition:				
Products transferred at a point in time	562,400	590,512	493,856	775,667
Products and services transferred over time	–	3,787	2,059	18,824
Total	562,400	594,299	495,915	794,491

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff cost

		Year ended December 31,		Nine months ended September 30,	
	Note	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	*(unaudited)*
– Salaries, bonuses and allowances		545,368	645,688	468,529	532,766
– Social insurance and other benefits	*(i)(ii)*	178,718	221,816	160,417	188,705
– Equity-settled share-based payments	*29*	46,954	31,650	24,163	35,585
Sub-total		771,040	899,154	653,109	757,056

Notes:

(i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

(ii) The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

(b) Other items

	Year ended December 31,		Nine months ended September 30,	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	*(unaudited)*
Cost of sales	488,696	516,484	449,495	683,288
Changes in fair value of derivative financial instruments	19,923	(40,448)	(59,800)	(50,444)
Changes in fair value of redeemable preferred shares	491,181	635,458	623,467	86,768
Net foreign exchange (gain)/loss	(30,821)	95,171	113,151	39,156
Depreciation charge				
– owned equipment	21,442	21,888	16,680	17,799
– right-of-use assets	24,684	23,810	17,798	19,176
Amortisation cost of				
– intangible assets	111	171	125	142
– others	1,296	256	203	104
Auditors' remuneration	2,481	2,547	–	–
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

6 IMPAIRMENT LOSSES

		Year ended December 31,		Nine months ended September 30,	
	Note	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	*(unaudited)*
Loans and advances to customers	*13(f)*	90,498	208,061	157,903	99,533
Receivables arising from loan facilitation business	*20*	74,658	54,893	40,144	58,938
Loan facilitation business	*25*	13,318	(19,300)	(22,592)	32,792
Others		8,222	11,398	11,410	15
		186,696	255,052	186,865	191,278

7 OTHER NET INCOME

	Year ended December 31,		Nine months ended September 30,	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	*(unaudited)*
Government grants	5,688	27,963	26,945	21,359
Interest income arising from bank deposits	5,368	7,088	5,042	5,834
Net gain on financial assets measured at fair value through profit or loss	5,679	8,240	8,690	3,933
Gain on disposal of property and equipment	1,554	840	661	833

	Year ended December 31,		Nine months ended September 30,	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	*(unaudited)*
Changes in fair value of financial instruments measured at fair value through profit or loss	574	3	522	337
Interest expenses arising from lease liabilities	(2,512)	(1,960)	(1,152)	(1,714)
Others	(6,832)	(4,148)	2,464	(4,797)
	9,519	38,026	43,172	25,785

Note:

Government grants mainly represent (i) incentives granted by local government; (ii) subsidies granted by local government for the Group's stabilizing employment.

8 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Note	Year ended December 31,		Nine months ended September 30,	
		2021	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	*(unaudited)*
Current tax – PRC Enterprise Income Tax					
– Provision for the year/period		150,922	147,454	122,091	68,368
– Under/(over) provision in respect of prior year/period		3,321	(3,461)	(3,461)	2,518
Deferred tax					
– Reversal of temporary differences	*19(b)*	(65,024)	(74,908)	(67,371)	(6,817)
		89,219	69,085	51,259	64,069

Notes:

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on either income or capital gain, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

The Company's Hong Kong subsidiary is subject to a profits tax rate of 8.25% for the first HKD2,000,000 of assessable profit and 16.5% for profit exceeding HKD2,000,000. No provision for Hong Kong profits tax was made as the Group had no estimated assessable profit that was subject to Hong Kong profits tax for the years ended December 31, 2021 and 2022 and nine months ended September 30, 2023.

PRC

According to the relevant tax relief policies promulgated by PRC tax authorities, the subsidiaries below enjoy a preferential income tax rate during the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023:

During the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023, a number of the Group's subsidiaries were qualified as "small and thin-profit enterprises" and enjoyed a reduced corporate income tax rate of 20%, a number of the Group's subsidiaries enjoyed a preferential income tax rate of 15% due to located in western region and engaged in certain encouraged industries. In addition, a subsidiary enjoyed a preferential income tax rate of 15% due to located in Hainan and engaged in certain encouraged industries.

A "high and new technology enterprise" ("HNTE") is entitled to a favourable statutory tax rate of 15% and such qualification is reassessed by relevant governmental authorities every three years. Chongho Bridge Group Limited was qualified as a "high and new technology enterprise" during the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023 and therefore enjoyed the preferential statutory tax rate of 15% during the the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023.

Except for entities mentioned above, all other subsidiaries established in the PRC are subject to an income tax rate of 25% according to the PRC Enterprise Income Tax Law throughout the Relevant Periods.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended December 31,		**Nine months ended September 30,**	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	*(unaudited)*
Profit/(loss) before tax	52,781	(130,147)	(223,827)	394,555
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	102,801	87,096	64,970	87,854
Effects of non-deductible expenses	2,202	3,740	2,399	2,936
Effects of non-taxable income	(15,070)	(15,820)	(12,486)	(9,909)
Effects of tax incentives	(7,158)	(11,187)	(7,727)	(12,643)
Adjustment for under/(over) provision of prior years	3,321	(3,461)	(3,461)	2,518
Utilisation of previously unrecognized tax losses and deductible temporary differences	(1,728)	–	–	(6,687)
Effect of tax rate adjustment on deferred tax assets and liabilities	1,399	–	–	–
Effect of unused tax losses not recognized	3,249	8,717	7,564	–
Others	203	–	–	–
Income tax expense for the year/period	89,219	69,085	51,259	64,069

9 DIRECTORS' REMUNERATION

Directors' and supervisors' remuneration is as follows:

		Year ended December 31, 2021						
	Note	**Fees**	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Sub-Total**	**Share-based payments**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
							(i)	
Directors								
Han Xinyi (韓歆毅)		–	–	–	–	–	–	–
Zhu Chao (朱超)		–	–	–	–	–	–	–
Sun Qiang Chang (孫強)		–	–	–	–	–	–	–
Shen Jing (沈晶)		–	–	–	–	–	–	–
Wang Kai (王愷)		–	–	–	–	–	–	–
Liu Dongwen (劉冬文)		–	1,415	890	53	2,358	3,821	6,179
Yu Ken Ling Kelvin (余根靈) (appointed in June 2021)		–	–	–	–	–	–	–
Total		–	1,415	890	53	2,358	3,821	6,179

		Year ended December 31, 2022						
	Note	**Fees**	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Sub-Total**	**Share-based payments**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
							(i)	
Directors								
Han Xinyi (韓歆毅)		–	–	–	–	–	–	–
Zhu Chao (朱超)		–	–	–	–	–	–	–
Sun Qiang Chang (孫強)		–	–	–	–	–	–	–
Shen Jing (沈晶)		–	–	–	–	–	–	–
Wang Kai (王愷)		–	–	–	–	–	–	–
Liu Dongwen (劉冬文)		–	1,421	890	58	2,369	2,448	4,817
Yu Ken Ling Kelvin (余根靈)		–	–	–	–	–	–	–
Total		–	1,421	890	58	2,369	2,448	4,817

	Note	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	Total
		Nine months ended September 30, 2022 (unaudited)						
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
							(i)	
Directors								
Han Xinyi (韓歆毅)		–	–	–	–	–	–	–
Zhu Chao (朱超)		–	–	–	–	–	–	–
Sun Qiang Chang (孫强)		–	–	–	–	–	–	–
Shen Jing (沈晶)		–	–	–	–	–	–	–
Wang Kai (王愷)		–	–	–	–	–	–	–
Liu Dongwen (劉冬文)		–	1,064	668	42	1,774	1,975	3,749
Yu Ken Ling Kelvin (余根靈)		–	–	–	–	–	–	–
Total		–	1,064	668	42	1,774	1,975	3,749

	Note	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	Total
		Nine months ended September 30, 2023 (unaudited)						
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
							(i)	
Directors								
Han Xinyi (韓歆毅)		–	–	–	–	–	–	–
Zhu Chao (朱超)		–	–	–	–	–	–	–
Sun Qiang Chang (孫强)		–	–	–	–	–	–	–
Shen Jing (沈晶)		–	–	–	–	–	–	–
Wang Kai (王愷)		–	–	–	–	–	–	–
Liu Dongwen (劉冬文)		–	1,072	754	47	1,873	3,567	5,440
Yu Ken Ling Kelvin (余根靈)		–	–	–	–	–	–	–
Total		–	1,072	754	47	1,873	3,567	5,440

Notes:

(i) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(r)(iii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed Note 29.

(ii) During the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2022 and 2023, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Group waived or agreed to waive any emoluments during the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2022 and 2023.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, there was one director of the Group for each of the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2022 and 2023, whose emoluments are disclosed in Note 9.

The aggregate of the emoluments in respect of the other individuals for the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2022 and 2023 are as follows:

	Year ended December 31,		Nine months ended September 30,	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	*(unaudited)*
Salaries, allowances and benefits in kind	3,714	3,788	2,827	2,885
Discretionary bonuses	2,370	2,256	1,693	1,962
Retirement scheme contributions	212	221	158	188
Share-based payments	9,855	6,344	5,118	9,303
Total	16,151	12,609	9,796	14,338

The emoluments of the other individuals with the highest emoluments are all within the following band:

	Year ended December 31,		Nine months ended September 30,	
	2021	**2022**	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals*
			(unaudited)	*(unaudited)*
nil to RMB1,000,000	–	–	–	–
RMB1,000,001 – RMB1,500,000	–	–	–	–
RMB1,500,001 – RMB2,000,000	–	–	–	–
RMB2,000,001 – RMB2,500,000	–	–	3	–
RMB2,500,001 – RMB3,000,000	–	2	1	–
RMB3,000,001 – RMB3,500,000	–	1	–	3
RMB3,500,001 – RMB4,000,000	3	1	–	–
RMB4,000,001 – RMB4,500,000	–	–	–	1
RMB4,500,001 – RMB5,000,000	1	–	–	–

11 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

As preferred shares are subject to redemption upon the occurrence of certain contingent events for which financial liabilities have been recognized, the calculations for basic and diluted earnings per share are not considered applicable in this Historical Financial Information.

Nevertheless, for the purpose of providing the earnings per share information in the situation where similar to where no redemption right would be attached to preferred shares upon the completion of the [**REDACTED**], the Company presents the adjusted earnings per share using the adjusted profit attributable to the shareholders of the Company (which excludes the amounts relating to the effect of changes in fair value of redeemable preferred shares) and adjusted weighted average number of ordinary shares during the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2022 and 2023 as below:

	Year ended December 31,		**Nine months ended September 30,**	
	2021	**2022**	**2022**	**2023**
			(unaudited)	*(unaudited)*
(Loss)/profit attributable to shareholders of the Company (RMB'000)	(36,637)	(198,873)	(274,913)	329,597
Changes in fair value of redeemable preferred shares (RMB'000)	(491,181)	(635,458)	(623,467)	(86,768)
Adjusted profit attributable to shareholders of the Company (RMB'000)	454,544	436,585	348,554	416,365
Weighted average number of ordinary shares at December 31/September 30 (in thousands)	1,142,431	1,267,124	1,266,682	1,273,508
Adjusted earnings per share attributable to shareholders of the Company (in RMB per share)	0.40	0.34	0.28	0.33

Weighted average number of ordinary shares – adjusted (in thousands)

	Note	**Year ended December 31,**		**Nine months ended September 30,**	
		2021	**2022**	**2022**	**2023**
		'000	*'000*	*'000*	*'000*
				(unaudited)	*(unaudited)*
Number of ordinary shares at January 1 (adjusted)		992,011	1,259,609	1,259,609	1,263,832
Effect of assumed conversion of preferred shares	*27*	143,177	–	–	–
Effect of deemed issue of shares under the Company's share options	*28*	7,243	7,515	7,073	9,676
Weighted average number of shares at December 31/September 30		1,142,431	1,267,124	1,266,682	1,273,508

12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents comprise:

The Group

	As at December 31,		As at September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
			(unaudited)
Deposits with banks	1,217,947	863,293	1,104,326

The Company

	As at December 31,		As at September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
			(unaudited)
Deposits with banks	35,753	11,007	11,343

(b) Restricted cash comprise:

	As at December 31,		As at September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
			(unaudited)
Pledged and restricted deposits	256,988	189,271	312,709

Note: Restricted cash consists of funds that are contractually restricted as to usage or withdrawal due to business arrangement or regulatory requirement. The Group's restricted cash are all denominated in RMB and are all placed at financial institutions in the mainland of the PRC. The Group has presented restricted cash separately from cash and cash equivalents on the consolidated statements of financial position.

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Liabilities				Derivatives liabilities held to hedge long-term borrowings	
	Interest-bearing Borrowings	**Asset-backed securities issued**	**Financial assets sold under repurchase agreement**	**Lease liabilities**	**Interest rate swap and forward exchange contracts used for hedging – liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2021	1,901,989	4,253,201	339,503	69,054	34,761	6,598,508
Changes from financing cash flows:						
Proceeds from interest-bearing borrowings	2,625,510	–	–	–	–	2,625,510
Proceeds from asset-backed securities issued	–	2,600,120	–	–	–	2,600,120
Proceeds from financial assets sold under repurchase agreement	–	–	1,308,465	–	–	1,308,465
Proceeds from settlement of derivatives	–	–	–	–	(16,419)	(16,419)
Repayment of interest-bearing borrowings	(1,804,270)	–	–	–	–	(1,804,270)
Repayment of asset-backed securities issued	–	(2,682,215)	–	–	–	(2,682,215)
Repurchase of assets with repurchase agreement	–	–	(1,147,516)	–	–	(1,147,516)
Interest paid	(93,280)	(254,347)	(22,419)	–	–	(370,046)
Capital element of lease rental paid	–	–	–	(24,291)	–	(24,291)
Interest element of lease rental paid	–	–	–	(2,512)	–	(2,512)
Exchange adjustments	(47,748)	–	–	–	16,419	(31,329)
Changes in fair value	–	–	–	–	19,923	19,923
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	–	20,441	–	20,441
Adjustment from lease modification	–	–	–	(25,708)	–	(25,708)
Increase in pledged and restricted deposits	–	65,755	–	–	–	65,755
Interest expense	108,605	229,584	23,621	2,512	–	364,322
At December 31, 2021	2,690,806	4,212,098	501,654	39,496	54,684	7,498,738

	Liabilities				Derivatives (assets)/liabilities held to hedge long-term borrowings		
	Interest-bearing Borrowings	Asset-backed securities issued	Financial assets sold under repurchase agreement	Lease liabilities	Interest rate swap and forward exchange contracts used for hedging – assets	Interest rate swap and forward exchange contracts used for hedging – liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	2,690,806	4,212,098	501,654	39,496	–	54,684	7,498,738
Changes from financing cash flows:							
Proceeds from interest-bearing borrowings	1,057,204	–	–	–	–	–	1,057,204
Proceeds from asset-backed securities issued	–	1,334,777	–	–	–	–	1,334,777
Proceeds from financial assets sold under repurchase agreement	–	–	1,448,510	–	–	–	1,448,510
Proceeds from settlement of derivatives	–	–	–	–	–	22,264	22,264
Repayment of interest-bearing borrowings	(749,081)	–	–	–	–	–	(749,081)
Repayment of asset-backed securities issued	–	(3,528,320)	–	–	–	–	(3,528,320)
Repurchase of assets with repurchase agreement	–	–	(1,300,420)	–	–	–	(1,300,420)
Interest paid	(160,740)	(179,485)	(32,650)	–	–	–	(372,875)
Capital element of lease rental paid	–	–	–	(22,789)	–	–	(22,789)
Interest element of lease rental paid	–	–	–	(1,960)	–	–	(1,960)
Exchange adjustments	117,438	–	–	–	–	(22,264)	95,174
Changes in fair value	–	–	–	–	(11,958)	(28,490)	(40,448)
Other changes:							
Increase in lease liabilities from entering into new leases during the year	–	–	–	28,280	–	–	28,280
Increase in pledged and restricted deposits	–	(101,187)	–	–	–	–	(101,187)
Interest expense	161,834	167,791	34,119	1,960	–	–	365,704
At December 31, 2022	3,117,461	1,905,674	651,213	44,987	(11,958)	26,194	5,733,571

	Liabilities				Derivatives (assets)/liabilities held to hedge long-term borrowings		
	Interest-bearing Borrowings *RMB'000*	**Asset-backed securities issued** *RMB'000*	**Financial assets sold under repurchase agreement** *RMB'000*	**Lease liabilities** *RMB'000*	**Interest rate swap and forward exchange contracts used for hedging – assets** *RMB'000*	**Interest rate swap and forward exchange contracts used for hedging – liabilities** *RMB'000*	**Total** *RMB'000*
As at January 1, 2023	3,117,461	1,905,674	651,213	44,987	(11,958)	26,194	5,733,571
(unaudited)							
Changes from financing cash flows:							
Proceeds from interest-bearing borrowings	1,050,488	–	–	–	–	–	1,050,488
Proceeds from asset-backed securities issued	–	1,648,000	–	–	–	–	1,648,000
Proceeds from financial assets sold under repurchase agreement	–	–	1,074,680	–	–	–	1,074,680
Proceeds from settlement of derivatives	–	–	–	–	7,509	(4,090)	3,419
Repayment of interest-bearing borrowings	(677,592)	–	–	–	–	–	(677,592)
Repayment of asset-backed securities issued	–	(1,730,847)	–	–	–	–	(1,730,847)
Repurchase of assets with repurchase agreement	–	–	(1,068,410)	–	–	–	(1,068,410)
Interest paid	(119,057)	(65,649)	(27,771)	–	–	–	(212,477)
Capital element of lease rental paid	–	–	–	(25,970)	–	–	(25,970)
Interest element of lease rental paid	–	–	–	(1,714)	–	–	(1,714)
Exchange adjustments	42,576	–	–	–	(7,509)	4,090	39,157
Changes in fair value	–	–	–	–	(26,650)	(23,794)	(50,444)
Other changes:							
Increase in lease liabilities from entering into new leases during the period	–	–	–	24,744	–	–	24,744
Increase in pledged and restricted deposits	–	32,834	–	–	–	–	32,834
Interest expenses	146,471	51,431	31,592	1,714	–	–	231,208
As at September 30, 2023	3,560,347	1,841,443	661,304	43,761	(38,608)	2,400	6,070,647

13 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	Note	As at December 31, 2021 RMB'000	2022 RMB'000	As at September 30, 2023 RMB'000 (unaudited)
Personal loans		10,392,398	9,661,874	9,915,747
Group loans	*(i)*	174,749	106,781	76,506
Gross loans and advances to customers	*(ii)*	10,567,147	9,768,655	9,992,253
Add: Accrued interest		86,032	78,936	76,648
Less: Provision for impairment losses		(289,339)	(440,085)	(437,496)
Net loans and advances to customers		10,363,840	9,407,506	9,631,405

Notes:

(i) Group loans are issued to borrowers who voluntarily form a group composed of multiple borrowers. The borrowers in the same group are required to assume joint responsibility for their group loan.

(ii) As at December 31, 2021 and 2022 and September 30, 2023, the loans were pledged for borrowing amounted to RMB1,879.3 million, RMB2,432.0 million and RMB2,939.8 million, respectively.

As at December 31, 2021 and 2022 and September 30, 2023, the balances of loans and advances included micro-credit arising from the consolidation of micro-credit Asset-Backed special plans issued to institutional investors (Note 1). The carrying amount of underlying micro-credit amounted to RMB5,264.4 million, RMB2,403.2 million and RMB2,584.9 million, respectively.

(b) Analysed by customers' industry sector

	As at December 31, 2021		As at December 31, 2022		As at September 30, 2023 (unaudited)	
	RMB'000	%	RMB'000	%	RMB'000	%
Agriculture, forestry, animal husbandry, and fishery	5,148,993	48.73	4,621,604	47.31	4,679,254	46.83
Resident services, repair and other service	2,335,687	22.10	2,290,778	23.45	2,311,352	23.13
Wholesale and retail trade	1,426,556	13.50	1,365,779	13.98	1,629,759	16.31
Transportation, storage and postal service	824,910	7.81	685,161	7.01	645,414	6.46
Manufacturing	814,699	7.71	709,583	7.26	722,469	7.23
Others	16,302	0.15	95,750	0.99	4,005	0.04
Gross loans and advances to customers	10,567,147	100.00	9,768,655	100.00	9,992,253	100.00
Add: Accrued interest	86,032		78,936		76,648	
Less: Provision for impairment losses	(289,339)		(440,085)		(437,496)	
Net loans and advances to customers	10,363,840		9,407,506		9,631,405	

(c) Analysed by type of collateral

	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Guaranteed loans	7,202,617	7,080,749	7,037,943
Unsecured loans	3,000,015	2,341,229	2,588,742
Secured loans	364,515	346,677	365,568
Gross loans and advances to customers	10,567,147	9,768,655	9,992,253
Add: Accrued interest	86,032	78,936	76,648
Less: Provision for impairment losses	(289,339)	(440,085)	(437,496)
Net loans and advances to customers	10,363,840	9,407,506	9,631,405

(d) Overdue loans analysed by overdue period (exclusive accrued interest and provision for impairment losses)

	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Overdue within 3 months (inclusive)	98,167	188,589	152,850
Overdue more than 3 months to 6 months (inclusive)	38,999	75,729	61,403
Overdue more than 6 months to 12 months (inclusive)	50,519	94,518	116,501
	187,685	358,836	330,754

Overdue loans represent loans, of which the whole or part of the principal or interest were overdue for one day or more.

(e) Analysed by methods for assessing provision for impairment losses

	December 31, 2021			
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans and advances to customers	10,379,462	98,167	89,518	10,567,147
Add: Accrued interest	86,032	–	–	86,032
Less: Provision for impairment losses	(184,177)	(49,083)	(56,079)	(289,339)
Net loans and advances to customers	10,281,317	49,084	33,439	10,363,840

	December 31, 2022			
	12-month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans and advances to customers	9,409,819	188,589	170,247	9,768,655
Add: Accrued interest	78,936	–	–	78,936
Less: Provision for impairment losses	(240,216)	(97,568)	(102,301)	(440,085)
Net loans and advances to customers	9,248,539	91,021	67,946	9,407,506

	As at September 30, 2023 *(unaudited)*			
	12-month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans and advances to customers	9,661,499	152,850	177,904	9,992,253
Add: Accrued interest	76,648	–	–	76,648
Less: Provision for impairment losses	(249,321)	(79,969)	(108,206)	(437,496)
Net loans and advances to customers	9,488,826	72,881	69,698	9,631,405

(f) Movements of provision for impairment losses

	December 31, 2021			
	12-month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1	140,888	43,870	93,432	278,190
Transfer:				
– to 12-month ECL	1	(1)	–	–
– to lifetime ECL not credit-impaired	(1,039)	1,039	–	–
– to lifetime ECL credit-impaired	(1,621)	(17,466)	19,087	–
Charge for the year	45,948	21,641	22,909	90,498
Write-offs	–	–	(139,579)	(139,579)
Recoveries	–	–	60,230	60,230
As at December 31	184,177	49,083	56,079	289,339

	December 31, 2022			
	12-month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1	184,177	49,083	56,079	289,339
Transfer:				
– to 12-month ECL	4	(4)	–	–
– to lifetime ECL not credit-impaired	(1,902)	1,902	–	–
– to lifetime ECL credit-impaired	(3,060)	(21,819)	24,879	–
Charge for the year	60,997	68,406	78,658	208,061
Write-offs	–	–	(110,914)	(110,914)
Recoveries	–	–	53,599	53,599
As at December 31	240,216	97,568	102,301	440,085

	As at September 30, 2023 *(unaudited)*			
	12-month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1	240,216	97,568	102,301	440,085
Transfer:				
– to 12-month ECL	65	(65)	–	–
– to lifetime ECL not credit-impaired	(2,627)	2,681	(54)	–
– to lifetime ECL credit-impaired	(2,742)	(42,708)	45,450	–
Charge for the year	14,409	22,493	62,631	99,533
Write-offs	–	–	(148,872)	(148,872)
Recoveries	–	–	46,750	46,750
As at September 30	249,321	79,969	108,206	437,496

(g) Analysed by credit quality

	As at December 31,		As at September 30,
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Gross balance of loans and advances to customers that are assessed for 12-month ECLs			
– Neither overdue nor credit-impaired	10,465,494	9,488,755	9,738,147
Gross balance of loans and advances to customers that assessed for lifetime ECLs not credit-impaired			
– Overdue but not credit-impaired	98,167	188,589	152,850

	As at December 31, 2021	2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Gross balance of loans and advances to customers that are assessed for lifetime ECLs credit-impaired			
– Overdue and credit-impaired	89,518	170,247	177,904
Less: Provision for impairment losses	(289,339)	(440,085)	(437,496)
Net value	10,363,840	9,407,506	9,631,405

14 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at December 31, 2021	2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Analyzed by collateral type: Debt securities	49,900	–	–
Less: Provision for impairment losses	(12)	–	–
Net financial assets held under resale agreements	49,888	–	–

15 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	As at December 31, 2021	2022	As at September 30, 2023
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Wealth management products	*(i)*	52,358	8,389	135,816

Note:

(i) Wealth management products were issued by commercial banks in the PRC.

16 PROPERTY AND EQUIPMENT

	Right-of-use assets *RMB'000*	Properties and buildings *RMB'000*	Office and other equipment *RMB'000*	Transportation vehicles *RMB'000*	Electronic equipment *RMB'000*	Fixtures and fittings *RMB'000*	Total *RMB'000*
Cost							
As at January 1, 2021	111,433	31,621	11,354	41,168	8,394	22,703	226,673
Acquisitions through a business combination	–	5,079	438	49	54	–	5,620
Additions	20,441	9,320	3,246	11,342	3,399	5,611	53,359
Disposals	(1,437)	(30)	(1,671)	(5,075)	(1,211)	(5,261)	(14,685)
Adjustment from lease modification	(25,198)	–	–	–	–	–	(25,198)
As at December 31, 2021/January 1, 2022	105,239	45,990	13,367	47,484	10,636	23,053	245,769
Additions	33,441	174	2,447	9,967	9,957	7,294	63,280
Disposals	(31,425)	(208)	(1,333)	(3,653)	(1,165)	(4,866)	(42,650)
Adjustment from lease modification	(5,394)	–	–	–	–	–	(5,394)
As at December 31, 2022/January 1, 2023	101,861	45,956	14,481	53,798	19,428	25,481	261,005
(unaudited)							
Additions	26,491	1,066	1,871	9,139	24,627	5,222	68,416
Disposals	(13,866)	–	(2,968)	(3,778)	(621)	(10,872)	(32,105)
Adjustment from lease modification	(1,832)	–	–	–	–	–	(1,832)
As at September 30, 2023	112,654	47,022	13,384	59,159	43,434	19,831	295,484
Accumulated depreciation							
As at January 1, 2021	(35,181)	(5,941)	(4,569)	(16,654)	(5,395)	(13,011)	(80,751)
Charge for the year	(24,684)	(1,888)	(2,373)	(8,851)	(2,030)	(6,300)	(46,126)
Written back on disposals	1,437	–	805	2,877	861	5,261	11,241
As at December 31, 2021/January 1, 2022	(58,428)	(7,829)	(6,137)	(22,628)	(6,564)	(14,050)	(115,636)
Charge for the year	(23,835)	(2,274)	(2,315)	(8,910)	(2,675)	(5,802)	(45,811)
Written back on disposals	31,425	132	455	2,637	848	4,444	39,941
As at December 31, 2022/January 1, 2023	(50,838)	(9,971)	(7,997)	(28,901)	(8,391)	(15,408)	(121,506)
(unaudited)							
Charge for the period	(19,364)	(1,699)	(1,612)	(6,499)	(3,608)	(4,776)	(37,558)
Written back on disposals	13,866	–	1,598	3,379	450	10,752	30,045
As at September 30, 2023	(56,336)	(11,670)	(8,011)	(32,021)	(11,549)	(9,432)	(129,019)
Net carrying amount							
As at December 31, 2021	46,811	38,161	7,230	24,856	4,072	9,003	130,133
As at December 31, 2022	51,023	35,985	6,484	24,897	11,037	10,073	139,499
As at September 30, 2023 *(unaudited)*	56,318	35,352	5,373	27,138	31,885	10,399	166,465

17 INTANGIBLE ASSETS

	Land-use Right *RMB'000*	Patent right *RMB'000*	Trademark right *RMB'000*	Software *RMB'000*	Insurance agency license *RMB'000*	Total *RMB'000*
Cost						
As at January 1, 2021	–	–	483	1,470	29,756	31,709
Acquisitions through a business combination	–	–	3,506	–	–	3,506
Additions	–	1	24	208	–	233
As at December 31, 2021/January 1, 2022	–	1	4,013	1,678	29,756	35,448
Additions	624	1	76	372	–	1,073
As at December 31, 2022/January 1, 2023	624	2	4,089	2,050	29,756	36,521
(unaudited)						
Additions	–	–	83	–	–	83
As at September 30, 2023	624	2	4,172	2,050	29,756	36,604
Accumulated amortization						
As at January 1, 2021	–	–	(211)	(1,390)	–	(1,601)
Charge for the year	–	–	(49)	(62)	–	(111)
As at December 31, 2021/January 1, 2022	–	–	(260)	(1,452)	–	(1,712)
Charge for the year	(9)	–	(51)	(111)	–	(171)
As at December 31, 2022/January 1, 2023	(9)	–	(311)	(1,563)	–	(1,883)
(unaudited)						
Charge for the period	(9)	–	(44)	(89)	–	(142)
As at September 30, 2023	(18)	–	(355)	(1,652)	–	(2,025)
Net carrying amount						
As at December 31, 2021	–	1	3,753	226	29,756	33,736
As at December 31, 2022	615	2	3,778	487	29,756	34,638
As at September 30, 2023 *(unaudited)*	606	2	3,817	398	29,756	34,579

18 INVESTMENT IN A SUBSIDIARY AND AMOUNT DUE TO A SUBSIDIARY

(a) Investment in a subsidiary

	Note	Year ended December 31, 2021	Year ended December 31, 2022	Nine months ended September 30, 2023
		RMB'000	*RMB'000*	*RMB'000*
				(unaudited)
Investment in a subsidiary	*(i)*	3,179,198	3,481,589	3,593,866
Deemed investment arising from share-based compensation	*(ii)*	94,711	120,929	156,514
		3,273,909	3,602,518	3,750,380

Notes:

(i) The amount represents the Company's investment cost in Chongho Bridge HK Limited.

(ii) The amount represents share-based compensation expenses arising from the grant of share options of the Company to employees of subsidiaries (Note 29) in exchange for their services provided to these subsidiaries, which were deemed to be investments made by the Company into the subsidiary.

(b) Amount due from a subsidiary

At December 31, 2021 and 2022 and September 30, 2023, the carrying amount of amounts due from a subsidiary of the Company were RMB516.4 million, RMB585.7 million and RMB603.8 million, respectively. The amounts due from a subsidiary are unsecured, non-interest bearing and have no fixed terms of repayment.

19 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payable

	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*
			(unaudited)
At the beginning of the year/period	105,751	93,596	91,729
Provision for income tax for the year/period	150,922	147,454	68,368
Under/(over) provision in respect of prior year/period	3,321	(3,461)	2,518
Income tax paid	(166,398)	(145,860)	(143,981)
At the end of the year/period	93,596	91,729	18,634

(b) Deferred tax assets and liabilities recognized

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements during the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023 are as follows:

Deferred tax arising from:	Accrued staff costs	Provisions for impairment losses	Accrued expenses of loan facilitation business	Accumulated losses	Lease liabilities	Others	Total deferred tax assets	Assets recognized through acquisition of subsidiaries	Changes in fair values of financial instruments	Right-of -use assets	Total deferred tax liabilities	Net
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
January 1, 2021	15,890	27,962	10,496	1,147	11,885	29	67,409	–	(84,989)	(13,351)	(98,340)	(30,931)
Charged to equity	–	–	–	–	–	–	–	(876)	–	–	(876)	(876)
Charged to profit or loss	6,707	13,813	1,998	(986)	(4,296)	(29)	17,207	–	43,667	4,150	47,817	65,024
December 31, 2021/ January 1, 2022	22,597	41,775	12,494	161	7,589	–	84,616	(876)	(41,322)	(9,201)	(51,399)	33,217
Credited to profit or loss	7,267	29,815	(2,895)	699	1,331	–	36,217	–	39,897	(1,206)	38,691	74,908
December 31, 2022/ January 1, 2023	29,864	71,590	9,599	860	8,920	–	120,833	(876)	(1,425)	(10,407)	(12,708)	108,125
(unaudited)												
Charged to profit or loss	7,572	(5,940)	4,919	19,878	1,011	17	27,457	–	(18,440)	(2,200)	(20,640)	6,817
September 30, 2023	37,436	65,650	14,518	20,738	9,931	17	148,290	(876)	(19,865)	(12,607)	(33,348)	114,942

(ii) ***Reconciliation to the consolidated statements of financial position***

	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Net deferred tax asset recognized in the consolidated statement of financial position	81,259	109,002	119,125
Net deferred tax liabilities recognized in the consolidated statement of financial position	(48,042)	(877)	(4,183)
	33,217	108,125	114,942

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(s), as at December 31, 2021 and 2022 and September 30, 2023, the Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB4.9 million, RMB23.1 million, RMB nil, respectively, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses incurred by the Company's subsidiaries in the PRC will expire in five years since initial occurrence under current tax legislation.

20 OTHER ASSETS

	Note	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Prepayments		318,092	464,475	352,181
Receivables arising from loan facilitation business		89,715	98,240	88,449
Trade receivables	*20(a)*	36,425	53,395	140,982
Deposits and refundable deposits		30,903	31,549	46,607
Inventories		19,339	30,473	87,121
Pre-paid taxes		15,034	8,455	15,546
Interest receivable		14,273	5,521	4,306
Deferred expenses		8,258	6,593	2,803
Others		28,643	32,585	32,687
Sub-total		560,682	731,286	770,682
Less: Provisions for impairment losses	*20(b)*	(65,453)	(79,693)	(87,355)
Total		495,229	651,593	683,327

(a) Ageing analyses

The ageing analyses of trade receivables based on the invoice date are as follows:

	As at December 31, 2021 *RMB'000*	As at December 31, 2022 *RMB'000*	As at September 30, 2023 *RMB'000* *(unaudited)*
Trade receivables			
Within 3 months	7,978	7,741	105,343
3 to 6 months	20,186	18,576	9,043
6 months to 1 year	5,952	16,054	3,807
Over 1 year	2,309	11,024	22,789
Total	36,425	53,395	140,982

(b) Movements of provisions for impairment losses

December 31, 2021	12-month ECL *RMB'000*	Lifetime ECL not credit impaired *RMB'000*	Lifetime ECL credit impaired *RMB'000*	Total *RMB'000*
As at January 1	1,041	–	38,679	39,720
Charge for the year	–	–	82,868	82,868
Write-offs	–	–	(82,779)	(82,779)
Recoveries	–	–	25,644	25,644
As at December 31	1,041	–	64,412	65,453

December 31, 2022	12-month ECL *RMB'000*	Lifetime ECL not credit impaired *RMB'000*	Lifetime ECL credit impaired *RMB'000*	Total *RMB'000*
As at January 1	1,041	–	64,412	65,453
Charge for the year	–	–	66,303	66,303
Write-offs	–	–	(79,995)	(79,995)
Recoveries	–	–	27,932	27,932
As at December 31	1,041	–	78,652	79,693

As at September 30, 2023 *(unaudited)*	12-month ECL *RMB'000*	Lifetime ECL not credit impaired *RMB'000*	Lifetime ECL credit impaired *RMB'000*	Total *RMB'000*
As at January 1	1,041	–	78,652	79,693
Charge for the year	–	–	58,938	58,938
Write-offs	–	–	(73,750)	(73,750)
Recoveries	–	–	22,474	22,474
As at September 30	1,041	–	86,314	87,355

21 INTEREST-BEARING BORROWINGS

The interest-bearing borrowings were secured as follows:

	Note	As at December 31, 2021 *RMB'000*	2022 *RMB'000*	As at September 30, 2023 *RMB'000* *(unaudited)*
Bank loans				
Guaranteed loans		55,000	–	–
Unsecured loans		80,700	100,000	75,000
Pledged loans	*13(a)*	605,378	548,170	530,974
Other borrowings				
Pledged loans	*13(a)*	1,186,402	1,573,731	2,296,253
Unsecured loans		740,533	867,333	598,132
Accrued interest		22,793	28,227	59,988
		2,690,806	3,117,461	3,560,347

The interest-bearing borrowings were repayable as follows:

	As at December 31, 2021 *RMB'000*	2022 *RMB'000*	As at September 30, 2023 *RMB'000* *(unaudited)*
Within one year	670,840	1,799,954	1,595,115
After 1 year but within 2 years	824,843	488,709	788,094
After 2 years but within 5 years	1,195,123	828,798	1,177,138
	2,690,806	3,117,461	3,560,347

The ranges of contractual interest rates on the borrowings are as follows:

	As at December 31, 2021	2022	As at September 30, 2023 *(unaudited)*
Range of interest rates:	3.30%–6.36%	3.30%–6.43%	3.00%–6.50%

22 ASSET-BACKED SECURITIES ISSUED

	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Asset-backed securities issued			
– Priority tranches	4,180,133	1,885,403	1,835,390
Accrued interest	31,965	20,271	6,053
	4,212,098	1,905,674	1,841,443

Note:

(i) During the Relevant Periods, the Group transferred some credit assets to special plans which issued shares of plans beneficiary rights to investors. Since the Group acquired all subordinated tranche and part of priority tranche of the plans beneficiary rights shares, it retains almost all the risks and rewards of the transferred credit assets. The Group determined not to derecognize the associated credit assets, and the consideration received from the priority tranche investors except for the Group were recorded as a financial liability.

Information about the carrying amount of underlying loans is included in Note 13(a). As at September 30, 2023, the duration of the remaining financing from priority tranche is 0.9 year, and the coupon rate of the remaining financing from priority tranche is 4.8% per annum.

23 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENT

	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Beneficial rights of trust	497,890	645,980	652,250
Accrued interest	3,764	5,233	9,054
	501,654	651,213	661,304

For the period ended September 30, 2023, pursuant to a transfer and repurchase agreement entered into by the Group and a third party trust company in the PRC, the Group obtained the financing of RMB652.3 million at the interest rate not exceeding 6.5% per annum by transferring and repurchasing the beneficial right of certain loans of the Group. The latest repurchase date was March 22, 2024.

For the year ended December 31, 2022, pursuant to a transfer and repurchase agreement entered into by the Group and a third party trust company in the PRC, the Group obtained the financing of RMB646.0 million at the interest rate not exceeding 6.5% per annum by transferring and repurchasing the beneficial right of certain loans of the Group. The latest repurchase date was June 29, 2023.

For the year ended December 31, 2021, pursuant on a transfer and repurchase agreement entered into by the Group and a third party trust company in the PRC, the Group obtained the financing of RMB497.9 million at the interest rate not exceeding 6.5% per annum by transferring and repurchasing the beneficial right of certain loans of the Group. The latest repurchase date was June 30, 2022.

24 DERIVATIVE FINANCIAL INSTRUMENTS

	As at December 31, 2021 (RMB'000)	As at December 31, 2022 (RMB'000)	As at September 30, 2023 (RMB'000) (unaudited)
Derivative financial assets			
Currency swap	–	–	26,481
Forward exchange rate contracts	–	11,958	11,947
Interest rate swap	–	–	180
Sub-total	–	11,958	38,608
Derivative financial liabilities			
Currency swap	49,171	26,194	2,400
Forward exchange rate contracts	5,380	–	–
Interest rate swap	133	–	–
Sub-total	54,684	26,194	2,400
Net	(54,684)	(14,236)	36,208

25 ACCRUALS AND OTHER PAYABLES

	Note	As at December 31, 2021 RMB'000	As at December 31, 2022 RMB'000	As at September 30, 2023 RMB'000 (unaudited)
Accrued staff cost		183,154	209,046	205,224
Provision for loan facilitation business	*(i)*	83,292	63,992	96,784
Receipts in advance		32,707	93,430	133,935
Lease liabilities	*25(a)*	39,496	44,987	43,761
Value-added tax and other payable		15,921	9,447	13,198
Trade payables		13,427	16,600	38,642
Others		42,752	38,648	35,509
Total		410,749	476,150	567,053

Note:

(i) Before December 31, 2021, the Group carried out loan facilitation business by referring quality customers to financial institutions in the PRC with a fixed rate fee charges and had contractual obligations to compensate these financial institutions for the actual defaults of the loans referred. The Group made the provisions for these contractual obligations in accordance with ECLs model.

Since January 1, 2022, the Group terminated all the contractual obligation to financial institutions and carried the loan facilitation business in two models: (a) for some of its loan facilitation business, the Group changed its fee model to charge a fixed rate and non-refundable base service fee for referral services and an excess service fee for the quality of credit assets referred. The excess service fee is considered as a variable consideration and recognized as revenue based on the best estimate of the risk profile of the relevant underlying assets in accordance with Note 2(u)(i); (b) for other loan facilitation business, the Group continues to charge a fixed rate service fee, in order to secure a better business position, the Group would voluntarily purchase overdue loans from financial institutions and accounted for the related provision in accordance with ECL model.

As at December 31, 2021 and 2022 and September 30, 2023, the balance and the Group's maximum exposure to credit risk of its loan facilitation business amounted to RMB4,333.3 million, RMB5,291.7 million and RMB7,554.5 million, respectively.

(a) Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at December 31, 2021 and 2022 and September 30, 2023:

	December 31, 2021		**December 31, 2022**		**September 30, 2023**	
	Present value of the minimum lease payments	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	*(unaudited)*
Within 1 year	19,454	20,653	24,171	25,803	17,167	19,013
After 1 year but within 2 years	13,681	14,589	11,660	12,487	12,178	13,250
After 2 years but within 5 years	6,130	6,414	7,300	7,975	7,858	9,367
After 5 years	231	244	1,856	2,771	6,558	9,628
	39,496	41,900	44,987	49,036	43,761	51,258
Less: total future interest expenses		(2,404)		(4,049)		(7,497)
Present value of lease liabilities		39,496		44,987		43,761

(b) Ageing analyses

The ageing analyses of trade payables based on the invoice date, are as follows:

	As at December 31,		**As at September 30,**
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
			(unaudited)
Trade payables			
Within 3 months	13,347	4,961	22,212
3 to 6 months	–	732	13,985
6 months to 1 year	80	10,787	2,364
Over 1 year	–	120	81
Total	13,427	16,600	38,642

26 CONTRACT LIABILITIES

Movements in contract liabilities are as below:

	As at December 31,		As at September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
			(unaudited)
Balance at January 1	97,279	64,423	70,309
Additions	344,107	481,466	659,163
Decrease in contract liabilities as a result of recognising revenue	(376,963)	(475,580)	(704,124)
Balance at December 31/September 30	64,423	70,309	25,348

27 REDEEMABLE PREFERRED SHARES

By December 31, 2020, the Company issued Series A, B, C, and C+ redeemable preferred shares to the investors, which include 989,654,345 shares issued for a total consideration of USD107,500,000 (equivalent to approximately RMB743,900,000) and RMB1,975,334,700.

In June 2021, the Company issued 262,611,386 series D redeemable preferred shares to two Series D investors for a total cash consideration of USD165,000,000.

(a) Shareholders' redemption rights upon occurrence of specified events

The Shareholders have redemption rights in respect of the redeemable preferred shares held by them if a qualified [**REDACTED**] is not achieved by December 31, 2024.

Upon a redemption triggered by the contingent events stated above, the redemption price shall equal to:

the consolidated net asset value of the Group as of the end of the month immediately prior to the date of the initial redemption notice divided by the total number of ordinary shares (calculated on a fully-diluted and as-converted basis) as of the end of such month, multiplied by the then prevailing conversion ratio.

The preferred shares shall also be redeemable by the Company if there is any breach of contractual terms by the Group and failure to rectify such breach within the period specified upon the delivery of written notice by preferred shareholders. Upon a redemption triggered by the contingent events stated above, the redemption price shall be the higher of:

(i) the consolidated net asset value of the Group at the end of the financial year immediately preceding the date of the initial redemption notice divided by the total number of ordinary shares calculated on a fully-diluted and as-converted basis as at the end of such financial year, multiplied by the then prevailing conversion ratio;

(ii) 150% of the original issue price of such redeemable preferred share;

(iii) the original issue price of such redeemable preferred share plus a simple interest at the annual rate of 10%; or

(iv) the fair market value as at the date of the initial redemption notice divided by the total number of ordinary shares calculated on a fully-diluted and as-converted basis as at the date of the initial redemption notice, multiplied by the then prevailing conversion ratio.

(b) Conversion rights

The redeemable preferred shares are convertible into such number of fully paid ordinary shares at any time after the date of issuance of such shares, or are automatically converted upon the closing of a qualified [**REDACTED**]. The initial conversation ratio is 1:1, and the conversion ratio is subject to adjustments (including but not limited to dividends, share splits and combinations, capital reorganization or reclassification).

(c) Anti-dilution right

If the Company issues or sells new securities for a per-ordinary share consideration that is less than the then applicable conversion price with respect to any preferred share in effect immediately prior to such issuance or sale, the then effective conversion price in respect of such preferred share shall be reduced, as of the date of such issue or sale, to the amount of the per ordinary share price of the new securities.

(d) Valuation

In accordance with the accounting policy set out in Note 2(w), redeemable preferred shares are initially recognized at fair value on the date of issuance and are subsequently re-measured to their fair value at the end of each reporting period. The Company has engaged an independent qualified professional valuer to determine the fair value of the redeemable preferred shares.The discounted cash flow method involves applying appropriate weighted average cost of capital ("WACC"), to discount the future cash flow forecast to present value. The WACC was determined based on a consideration of the factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systematic risk factors. The Group also applied a discount for lack of marketability ("DLOM"), which was quantified by option-pricing method, which assumed that the put option is struck at the spot price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM.

The key assumptions used in the valuation of the redeemable preferred shares are set out as below:

	As at December 31,		As at September 30,
	2021	2022	2023
Risk free rate	1.91 – 3.34	3.24 – 3.98	3.01 – 4.71
Expected volatility	46.3%	46.1%	40.1%

Notes:

(i) The risk-free rates are with reference to the yield of China Government Bonds and US Government Bonds at the valuation dates.

(ii) The volatility parameters used are with reference to the historical volatility of comparable companies as at the valuation dates.

(e) Presentation and classification

The movements during the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023 are set out below:

The Group and the Company	**As at December 31,**		**As at September 30,**
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
As at January 1	3,461,445	4,919,695	6,032,100
Issuance of redeemable preferred shares	1,057,155	–	–
Fair value changes	491,181	635,458	86,768
Exchange adjustments	(90,086)	476,947	188,427
At December 31/September 30	4,919,695	6,032,100	6,307,295

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The Company was incorporated in the Cayman Islands with an authorized share capital of United States Dollars ("USD") 50,000 divided into 10,000,000,000 shares with a par value of USD0.000005 each on August 29, 2019.

By December 31, 2020, the Company issued a total of 989,654,345 redeemable preferred shares to the investors. On June 16, 2021, the Company issued a total of 262,611,386 preferred shares to new investors.

All redeemable preferred shares have been recognized as financial liabilities during the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023 (see Note 27 for further details).

(b) Reserves

(i) Capital reserve

The capital reserve mainly comprises the following:

– elimination of share capital of the subsidiary against the related investment cost of the Company upon consolidation of the Group;

– the portion of the grant date fair value of unexercised share options granted to employees of the Group's subsidiary that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(r)(iii);

– repurchase of the vested share options amounting to RMB5.4 million. See Note 29(c) for further details.

(ii) Surplus reserve

Surplus reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC.

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after taxation, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iii) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance, the general reserve accrued by the Company's subsidiaries which are engaged in loan business is for the purpose of profit appropriation, and a portion of net profit is accrued as general reserve after offsetting the losses to be deducted in the prior years, the balance of general reserve shall, in principle, not be lower than 1.5% of the closing balance of risk assets, so as to make up potential losses yet to be identified.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(v).

(c) Dividends

No dividends have been paid or declared by the Company during the relevant periods.

(d) Capital management

The Group's main objective of capital management is to ensure a stable capital ratio to support the Group's business development and maximize shareholders' value.

The Group assesses and manages its capital structure with the aim of striking a balance between achieving higher shareholders returns through debt financing and ensuring capital security through equity financing, and the Group adjusts the capital structure based on changes in external economic conditions. There were no changes in the objectives, policies or procedures for the Group's capital management during the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023.

Particularly for micro-credit operation, the Group monitors regularly the residual balance of micro-credit for single customers and multiples of the micro-credit in relation to net assets of companies in the Group engaging micro-credit business, so as to keep the capital risk within an acceptable limit. The decision to manage the share capital of companies in the Group to meet the needs of developing micro-credit business rests with the directors.

(e) Movements in components of equity

The reconciliation between the opening and closing balances of each component of Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	**Capital reserve** *RMB'000* *28(b)(i)*	**Exchange reserve** *RMB'000* *28(b)(iv)*	**Accumulated deficit** *RMB'000*	**Total (deficit)/equity** *RMB'000*
At January 1, 2021		47,757	21,744	(720,389)	(650,888)
Changes in equity for 2021					
Loss for the year		–	–	(506,593)	(506,593)
Other comprehensive income		–	17,618	–	17,618
Total comprehensive income		–	17,618	(506,593)	(488,975)
Equity-settled share-based payment		46,954	–	–	46,954
At December 31, 2021/ January 1, 2022		94,711	39,362	(1,226,982)	(1,092,909)
Changes in equity for 2022					
Loss for the year		–	–	(640,144)	(640,144)
Other comprehensive income		–	(123,654)	–	(123,654)
Total comprehensive income		–	(123,654)	(640,144)	(763,798)
Equity-settled share-based payment		26,218	–	–	26,218
At December 31, 2022/ January 1, 2023		120,929	(84,292)	(1,867,126)	(1,830,489)
(unaudited)					
Changes in equity for 2023					
Loss for the period		–	–	86,771)	(86,771)
Other comprehensive income		–	(57,640)	–	(57,640)
Total comprehensive income		–	(57,640)	(86,771)	(144,411)
Equity-settled share-based payment		35,585	–	–	35,585
At September 30, 2023		156,514	(141,932)	(1,953,897)	(1,939,315)

29 EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company adopted a share option scheme ("2020 Plan") on August 31, 2020 whereby the directors of the Company are authorized, at their discretion, to invite the senior management and other key employees of subsidiaries, to take up options to subscribe for shares of the Company. The option for Batch 1 vest on the date of grant and then exercisable within a period of ten years from the date of its grant with an exercise price of US$0.3133 per share, the option for Batch 2 vest on August 31, 2020, June 30, 2021, June 30, 2022, June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, respectively, and exercisable within a period of ten years from the date of its grant with an exercise price of US$0.000005 per share.

On June 30, 2021, the Company granted a total of 2,100,100 options to eligible participants under the share option scheme, with an exercise price of US$0.000005 per share ("2021 Plan"), which vests on June 30, 2021, June 30, 2022, June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, respectively, and exercisable within a period of ten years from the date of its grant.

On June 30, 2022, the Company granted a total of 2,966,500 options to eligible participants under the share option scheme, with an exercise price of US$0.000005 per share ("2022 Plan"), which vests on June 30, 2022, June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, respectively, and exercisable within a period of ten years from the date of its grant.

On June 30, 2023, the Company granted a total of 14,051,190 options to eligible participants under the share option scheme ("2023 Plan") whereby the directors of the Company are authorized, at their discretion, to invite the senior management and other key employees of subsidiaries, to take up options to subscribe for shares of the Company. The option for Batch 1 vest on June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, June 30, 2027, respectively, and exercisable within a period of ten years from the date of its grant with an exercise price of US$0.000005 per share. The option for Batch 2 vest on the date of grant and then exercisable within a period of ten years with an exercise price of US$0.3133 per share.

(a) The terms and conditions of the grants are as follows:

	Number of options	Vesting conditions
2020 Plan (Batch 1)	10,239,303	August 31, 2020
2020 Plan (Batch 2)	41,321,500	August 31, 2020, June 30, 2021, June 30, 2022, June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, respectively
2021 Plan	2,100,100	June 30, 2021, June 30, 2022, June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, respectively
2022 Plan	2,966,500	June 30, 2022, June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, respectively
2023 Plan (Batch 1)	11,376,190	June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, June 30, 2027, respectively
2023 Plan (Batch 2)	2,675,000	June 30, 2023

	Number of options	Vesting conditions
Total	70,678,593	

(b) The number and weighted average exercise prices of share awards are as follows:

	Exercise price *USD*	Number of options
Outstanding at January 1, 2021	0.000005/0.3133	51,560,803
Granted 2021 Plan	0.000005	2,100,100
Adjusted	0.000005	(596,974)
Outstanding at January 1, 2022	0.000005/0.3133	53,063,929
Granted 2022 Plan	0.000005	2,966,500
Adjusted	0.000005/0.3133	(6,970,678)
Outstanding at December 31, 2022	0.000005/0.3133	49,059,751
Granted 2023 Plan (Batch 1)	0.000005	11,376,190
Granted 2023 Plan (Batch 2)	0.3133	2,675,000
Adjusted	0.000005	184,528
Outstanding at September 30, 2023		63,295,469

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimated fair value of the share options granted is measured based on a binomial lattice model. The contractual life of stock options is used as an input into this model.

Fair value of share options and assumptions are as follows:

Grant date	**As at June 30, 2021 2021 Plan**	**As at June 30, 2022 2022 Plan**	**As at June 30, 2023 2023 Plan**
Fair value of share option on the date of option grants (in RMB)	3.56	4.64	3.23-5.00
Exercise price (in USD)	0.000005	0.000005	0.000005-0.3133
Expected volatility	50%	48.07%	48.81%
Option life	10 years	10 years	10 years
Expected dividends	0%	0%	0%
Risk-free interest rate	1.45%	2.82%	2.68%

The expected volatility is based on the average of historical share price volatility of comparable companies operating in similar industry of the Company. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under both service and non-market performance condition. These conditions have not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants. The grant date fair values of the share options were determined with the assistance of an independent valuation firm. According to the share option scheme, the Group has an irrevocable and exclusive option to repurchase the share options vested to employees of the Group's subsidiary when the employees resign. In 2022, the Group exercised such right and repurchased total vested share option of 3,143,921 at the amount of RMB5.4 million, which was debited as capital reserve. The total capital reserve for equity-settled share-based payment are sets forth below:

		Year ended December 31,		Nine months ended September 30,	
	Note	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	*(unaudited)*
– Share-based payments expenses	*5(a)*	46,954	31,650	24,163	35,585
– Repurchased of vested share options		–	(5,432)	(5,432)	–
		46,954	26,218	18,731	35,585

30 SEGMENT REPORTING

Management supervises business segments on a standalone basis. Segment reporting has been disclosed in accordance with the accounting policies in Note 2(z), while the segment revenue, expenses, assets and liabilities are measured in accordance with the Group's major accounting policies and major accounting estimates as described in Note 3. The Group has identified five reporting segments based on its internal organizational structure, its management requirements and its internal reporting system. For the purposes of allocating resources between segments and assessing segment performance, the Group's management regularly reviews the financial information of different segments.

The five reporting segments are as follows:

Rural Inclusive Credit Services

The Group provides financial solutions to rural customers, individual industrial and commercial households and small and micro business owners through micro-credit companies and the structured entities controlled by itself.

Rural Consumer Goods and Services

The Group offers online consumer retail services, digital insurance distribution services and other services to address various needs of rural residents in their daily life.

Agricultural Production Services

The Group offers agricultural production services that cover end-to-end agricultural production process, from procuring agricultural inputs and equipment to planting/breeding, harvesting, and ultimately, sale of agricultural products.

Rural Clean Energy Services

The Group offers rural clean energy services in rural areas through household distributed PV projects.

Headquarters and other segments

The Company's other non-significant business lines and the operating results of the headquarters.

Segment profits, assets and liabilities

Segment revenue, expenses, assets and liabilities comprise items that are directly attributable to a segment and allocated to that segment on a reasonable basis. Segment revenues, expenses, assets and liabilities include internal balances and internal transactions that are offset when preparing the financial statements.

For the purposes of assessing segment performance and allocating resources between segments, the Group's management regularly reviews the assets, liabilities, revenue, expenses and financial performance, attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and intangible assets attributable to each segment with the exception of deferred tax assets. Segment liabilities include all liabilities attributable to each segment with the exception of deferred tax liabilities.

Financial performance of each segment refers to the operating income after deducting operating expenses, depreciation, amortization and impairment losses attributable to each segment and interest income and expense from cash balances and loans and advances to customers and financial investment and borrowings managed directly by a certain segment. Inter-segment changes and transfer prices are determined with reference to prices charged to external parties for similar orders.

(a) Segment results, assets and liabilities

Information related to each reportable segment is set out below:

	Year ended December 31, 2021					
	Rural Inclusive Credit Services	**Agricultural Production Services**	**Rural Consumer Goods and Services**	**Headquarters and other segments**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from credit services	1,661,458	–	–	–	–	1,661,458
Revenue from external customers	1,661,458	–	–	–	–	1,661,458
Revenue from non-credit services	–	377,515	185,717	–	(832)	562,400
Revenue from external customers	–	377,515	184,885	–	–	562,400
Inter-segment revenue	–	–	832	–	(832)	–
Total revenue	1,661,458	377,515	185,717	–	(832)	2,223,858
Cost of sales	–	(360,976)	(127,720)	–	–	(488,696)
Changes in fair value of derivative financial instruments	(19,923)	–	–	–	–	(19,923)
Changes in fair value of redeemable preferred shares	–	–	–	(491,181)	–	(491,181)
Net foreign exchange gain	30,821	–	–	–	–	30,821

	Year ended December 31, 2021					
	Rural Inclusive Credit Services	Agricultural Production Services	Rural Consumer Goods and Services	Headquarters and other segments	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
General and administrative expenses	(73,935)	(6,820)	(12,750)	(174,795)	832	(267,468)
Sales and marketing expenses	(687,811)	(1,437)	(529)	–	–	(689,777)
Research and development expenses	–	–	–	(67,676)	–	(67,676)
Impairment losses	(178,474)	–	(8,210)	(12)	–	(186,696)
Other net income	17,931	(535)	138	(8,015)	–	9,519
Profit/(loss) before taxation	750,067	7,747	36,646	(741,679)	–	52,781
Segment assets	11,304,509	270,498	160,145	2,646,367	(1,777,712)	12,603,807
Segment liabilities	(9,096,140)	(240,310)	(124,328)	(5,247,373)	1,760,446	(12,947,705)

	Year ended December 31, 2022						
	Rural Inclusive Credit Services	Agricultural Production Services	Rural Consumer Goods and Services	Rural Clean Energy Services	Headquarters and other segments	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from credit services	1,833,199	–	–	–	–	1,713	1,834,912
Revenue from external customers	1,834,912	–	–	–	–	–	1,834,912
Inter-segment revenue	(1,713)	–	–	–	–	1,713	–
Revenue from non-credit services	–	428,389	176,974	656	–	(11,720)	594,299
Revenue from external customers	–	417,471	176,172	656	–	–	594,299
Inter-segment revenue	–	10,918	802	–	–	(11,720)	–
Total revenue	1,833,199	428,389	176,974	656	–	(10,007)	2,429,211
Cost of sales	–	(400,986)	(115,001)	(497)	–	–	(516,484)
Changes in fair value of derivative financial instruments	40,448	–	–	–	–	–	40,448

	Year ended December 31, 2022						
	Rural Inclusive Credit Services	Agricultural Production Services	Rural Consumer Goods and Services	Rural Clean Energy Services	Headquarters and other segments	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Changes in fair value of redeemable preferred shares	–	–	–	–	(635,458)	–	(635,458)
Net foreign exchange (loss)/gain	(95,174)	–	–	–	3	–	(95,171)
General and administrative expenses	(91,659)	(16,220)	(25,553)	(1,561)	(144,144)	802	(278,335)
Sales and marketing expenses	(777,020)	(2,189)	(4,714)	(38)	–	10,918	(773,043)
Research and development expenses	–	–	–	–	(84,289)	–	(84,289)
Impairment losses	(243,642)	–	(11,410)	–	–	–	(255,052)
Other net income	(18,809)	183	(1,669)	(24)	60,031	(1,686)	38,026
Profit/(loss) before taxation	647,343	9,177	18,627	(1,464)	(803,857)	27	(130,147)
Segment assets	10,056,112	429,683	223,262	33,885	3,103,220	(2,536,327)	11,309,835
Segment liabilities	(7,996,796)	(392,157)	(187,943)	(14,164)	(6,316,097)	2,536,327	(12,370,830)

	Nine months ended September 30, 2022 (unaudited)						
	Rural Inclusive Credit Services	Agricultural Production Services	Rural Consumer Goods and Services	Rural Clean Energy Services	Headquarters and other segments	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from credit services	1,360,472	–	–	–	–	1,183	1,361,655
Revenue from external customers	1,361,655	–	–	–	–	–	1,361,655
Inter-segment revenue	(1,183)	–	–	–	–	1,183	–
Revenue from non-credit services	–	372,909	123,558	52	–	(604)	495,915
Revenue from external customers	–	372,909	122,954	52	–	–	495,915
Inter-segment revenue	–	–	604	–	–	(604)	–
Total revenue	1,360,472	372,909	123,558	52	–	579	1,857,570

	Nine months ended September 30, 2022 (unaudited)						
	Rural Inclusive Credit Services	**Agricultural Production Services**	**Rural Consumer Goods and Services**	**Rural Clean Energy Services**	**Headquarters and other segments**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost of sales	–	(357,513)	(91,958)	(24)	–	–	(449,495)
Changes in fair value of derivative financial instruments	59,800	–	–	–	–	–	59,800
Changes in fair value of redeemable preferred shares	–	–	–	–	(623,467)	–	(623,467)
Net foreign exchange (loss)/gain	(113,154)	–	–	–	3	–	(113,151)
General and administrative expenses	(62,547)	(12,267)	(13,602)	(474)	(93,449)	604	(181,735)
Sales and marketing expenses	(561,670)	(1,670)	(2,804)	(16)	–	–	(566,160)
Research and development expenses	–	–	–	–	(63,496)	–	(63,496)
Impairment losses	(175,455)	–	(11,410)	–	–	–	(186,865)
Other net income	8,886	387	(1,107)	(3)	36,172	(1,163)	43,172
Profit/(loss) before taxation	516,332	1,846	2,677	(465)	(744,237)	20	(223,827)

	Nine months ended September 30, 2023 (unaudited)						
	Rural Inclusive Credit Services	**Agricultural Production Services**	**Rural Consumer Goods and Services**	**Rural Clean Energy Services**	**Headquarters and other segments**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from credit services	1,476,018	–	–	–	–	1,500	1,477,518
Revenue from external customers	1,477,518	–	–	–	–	–	1,477,518
Inter-segment revenue	(1,500)	–	–	–	–	1,500	–
Revenue from non-credit services	–	629,456	174,737	3,579	–	(13,281)	794,491
Revenue from external customers	–	621,380	169,532	3,579	–	–	794,491
Inter-segment revenue	–	8,076	5,205	–	–	(13,281)	–
Total revenue	1,476,018	629,456	174,737	3,579	–	(11,781)	2,272,009
Cost of sales	–	(575,171)	(106,456)	(1,661)	–	–	(683,288)

	Nine months ended September 30, 2023 (unaudited)						
	Rural Inclusive Credit Services	Agricultural Production Services	Rural Consumer Goods and Services	Rural Clean Energy Services	Headquarters and other segments	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Changes in fair value of derivative financial instruments	50,444	–	–	–	–	–	50,444
Changes in fair value of redeemable preferred shares	–	–	–	–	(86,768)	–	(86,768)
Net foreign exchange (loss)/gain	(39,157)	–	–	–	1	–	(39,156)
General and administrative expenses	(46,202)	(16,695)	(15,269)	(2,567)	(100,439)	979	(180,193)
Sales and marketing expenses	(696,703)	(1,300)	(10,109)	(125)	–	12,686	(695,551)
Research and development expenses	–	–	–	–	(77,449)	–	(77,449)
Impairment losses	(191,278)	–	–	–	–	–	(191,278)
Other net income	5,660	(1,378)	59	(199)	23,485	(1,842)	25,785
Profit/(loss) before taxation	558,782	34,912	42,962	(973)	(241,170)	42	394,555
Segment assets	10,885,378	307,969	236,158	58,631	3,084,090	(2,461,303)	12,110,923
Segment liabilities	(8,474,911)	(278,793)	(183,692)	(31,186)	(6,476,545)	2,461,303	(12,983,824)

The Group does not have material assets or operation outside the PRC. All of the Group's revenue is generated from its customers in the PRC. Hence, no segment analysis based on geographical location of the customers and assets is presented.

(b) Reconciliation of reportable segment assets

	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000* (unaudited)
Assets			
Reportable segment assets	12,603,807	11,309,835	12,110,923
Deferred tax assets	81,259	109,002	119,125
Consolidated total assets	12,685,066	11,418,837	12,230,048

	As at December 31,		As at September 30,
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
			(unaudited)
Liabilities			
Reportable segment liabilities	12,947,705	12,370,830	12,983,824
Deferred tax liabilities	48,042	877	4,183
Consolidated total liabilities	12,995,747	12,371,707	12,988,007

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practice used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in a financial loss to the Group. Credit risk is primarily attributable to financial assets measured at amortized cost.

The Group's exposure to credit risks arising from cash and cash equivalents, pledged and restricted cash are limited because the counterparties are banks and financial institutions, of which the Group considers to have low credit risk.

The Group's maximum exposure to credit risk before collateral held and other credit enhancement is as follows:

	As at December 31,		As at September 30,
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
			(unaudited)
Cash and cash equivalents	1,217,947	863,293	1,104,326
Restricted cash	256,988	189,271	312,709
Loans and advances to customers	10,363,840	9,407,506	9,631,405
Financial assets held under resale agreements	49,888	–	–
Other assets	160,119	173,798	302,460
Total	12,048,782	10,633,868	11,350,900

Credit risk arising from financial assets measured at amortized cost

The Group adopts the same pre-approval, review and credit approval risk management system for credit risk arising from financial assets measured at amortized cost. During the post-transaction monitoring process, the Group conducts a visit of customers within one month after disbursement of loans and receivables, and conducts on-site inspection on a semi-annual basis. The review focuses on the use of loans and receivables, the financial and operational conditions of the borrowers or the progress of projects and status of the collateral.

The Group classifies financial assets measured at amortized cost into three stages and makes provisions for expected credit loss accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three stages are defined as follows:

Stage 1: A financial asset of which the credit risk has not significantly increased since initial recognition. The amount equal to 12-month expected credit losses is recognized as loss allowance.

Stage 2: A financial asset with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime expected credit losses is recognized as loss allowance.

Stage 3: A financial asset is considered to be credit-impaired as at statement of financial position date. The amount equal to lifetime expected credit losses is recognized as loss allowance. Refer to Note 2(h) for the definition of credit-impaired financial assets.

Significant increase in credit risk

The assessment of significant increase since initial recognition in the credit risk is performed at least on a quarterly basis for financial assets held by the Group. The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significantly change in credit risk for the purposes of classifying financial assets. The main considerations are regulatory and operating environment, internal and external credit risk gradings, debt-servicing capacity, operating capabilities, contractual terms, and repayment records. The Group compares the risk of default of a single financial asset or a portfolio of financial assets with similar credit risk characteristics as at statement of financial position date and its risk of default at the date of initial application to determine changes in the risk of default during the lifetime of a financial asset or a portfolio of financial assets. In determining whether credit risk of a financial asset has increased significantly since initial recognition, the Group considers factors indicating whether the probability of default has risen sharply, whether the financial asset has been past due for more than 1 day and whether the market price has been falling to assess deterioration.

Impairment assessment

Generally, a financial asset is considered to be credit-impaired if:

- It has been overdue for more than 90 days;

- In light of economic, legal or other factors, the Group has made concessions to a customer in financial difficulties, which would otherwise have been impossible under normal circumstances;

- The customer is probable to be insolvent or carry out other financial restructuring;

- Due to serious financial difficulties, the financial asset cannot continue to be traded in an active market;

- There are other objective evidence that the financial asset is impaired.

Description of parameters, assumptions, and estimation techniques

Except for the credit-impaired financial assets, ECL is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"), considering the time value of money. Related definitions are as follows:

PD is the possibility that a customer will default on its obligation within a certain period of time in light of forward-looking information.

LGD is the magnitude of the likely loss if there is a default in light of forward-looking information.

EAD refers to the total amount of on- and off- statement of financial position exposures in the event of default and is determined based on the historical repayment records.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are monitored and reviewed on a quarterly basis by the Group.

There have been no significant changes in estimation techniques or significant assumptions made during the year.

The impairment loss on credit-impaired assets applied cash flow discount method, if there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognized in the statement of profit or loss. In determining allowances on an individual basis, the following factors are considered:

- The sustainability of the customer's business plan;
- The customer's ability to improve performance once a financial difficulty has arisen;
- The estimated recoverable cash flows from projects and liquidation;
- The availability of other financial support and the realizable value of collateral; and
- The timing of the expected cash flows.

It may not be possible to identify a single, or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention.

Forward-looking information contained in ECL

The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the key economic variables, including GDP, CPI, PMI, M2, Investment in Fixed Assets Completed, and Total Exports, impacting ECL for each portfolio. The impact of these economic variables on the PD and LGD has been determined by performing economic analysis to understand the relationships among the changes of the economic variables, PD and LGD. Forecasts of these economic variables are provided by the Group at least once per year and provide the best estimate view of the economy over the next year.

When calculating the weighted average ECL, the optimistic, neutral and pessimistic scenarios and its weighting determined by a combination of macro-statistical analysis and expert judgment are taken into account by the Group.

Write-off policy

The Group writes off financial assets when it has exhausted practical recovery efforts and has concluded there is no reasonable expectation of recovery.

(b) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(a) The Group held the following interest-bearing financial instruments at the end of each year/period:

	As at December 31, 2021	2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Fixed rate instruments			
Financial assets			
– Cash and cash equivalents and restricted cash	125,000	35,294	5,294
– Loans and advances to customers	10,277,808	9,328,570	9,554,757
– Financial assets held under resale agreements	49,888	–	–
Sub-total	10,452,696	9,363,864	9,560,051
Financial liabilities			
– Interest-bearing borrowings	(2,668,013)	(3,089,234)	(3,500,359)
– Financial assets sold under repurchase agreements	(497,890)	(645,980)	(652,250)
– Asset-backed securities issued	(4,180,133)	(1,885,403)	(1,835,390)
Sub-total	(7,346,036)	(5,620,617)	(5,987,999)
Net balance	3,106,660	3,743,247	3,572,052
Variable rate instruments			
Financial assets			
– Cash and cash equivalents and restricted cash	1,349,935	1,017,270	1,411,741
Financial assets measured at fair value through profit or loss	52,358	8,389	135,816
Net balance	1,402,293	1,025,659	1,547,557

(b) Sensitivity analysis

It is estimated that an increase of 100 basis points in interest rates, with all other variables held constant, would have increased the Group's profit before taxation by RMB38.6 million, RMB37.1 million, RMB28.9 million respectively as at December 31, 2021 and 2022 and September 30, 2023.

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualized net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period.

During the reporting period, the sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rates had occurred at the statement of financial position date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the statement of financial position date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the statement of financial position date, the impact on the profit before taxation is estimated as an annualised impact on interest income and investment of such a change in interest rates, without considering the relevant income tax effects.

(c) Liquidity risk

Management regularly monitors the Group's liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Indefinite	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount at Dec 31
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2021								
Interest-bearing borrowings	–	28,508	80,412	653,976	2,188,947	–	2,951,843	2,690,806
Asset-backed securities issued	–	–	56,123	3,001,532	1,332,625	–	4,390,280	4,212,098
Financial assets sold under repurchase agreement	–	60,966	295,847	152,754	–	–	509,567	501,654
Derivative financial instruments	–	–	–	13,725	48,387	–	62,112	54,684
Lease liabilities	–	1,019	1,463	18,171	21,003	244	41,900	39,496
Accruals and other payables	10,754	–	–	–	–	–	10,754	10,754
Total financial liabilities	10,754	90,493	433,845	3,840,158	3,590,962	244	7,966,456	7,509,492

In addition to the above, the Group was also exposed to liquidity risk arising from the redemption and liquidation features of the redeemable preferred shares at December 31 2021 and 2022, and September 30, 2023, which are further detailed in Note 27.

	Indefinite/ Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount at Dec 31
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2022								
Interest-bearing borrowings	–	298,482	158,640	1,512,146	1,454,770	–	3,424,038	3,117,461
Asset-backed securities issued	–	–	26,908	1,272,666	672,862	–	1,972,436	1,905,674
Financial assets sold under repurchase agreement	–	124,032	147,488	392,940	–	–	664,460	651,213
Derivative financial instruments	–	–	–	10,451	16,782	–	27,233	26,194
Lease liabilities	–	3,510	2,331	19,962	20,462	2,771	49,036	44,987
Total financial liabilities	–	426,024	335,367	3,208,165	2,164,876	2,771	6,137,203	5,745,529

	Indefinite/ Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount at Sep 30
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(unaudited)								
September 30, 2023								
Interest-bearing borrowings	–	499,178	173,318	1,030,115	2,104,122	–	3,806,733	3,560,347
Asset-backed securities issued	–	–	706,625	1,190,518	–	–	1,897,143	1,841,443
Financial assets sold under repurchase agreement	–	151,417	303,609	216,919	–	–	671,945	661,304
Derivative financial instruments	–	–	1,638	1,493	(662)	–	2,469	2,400
Lease liabilities	–	563	3,752	14,698	22,617	9,628	51,258	43,761
Total financial liabilities	–	651,158	1,188,942	2,453,743	2,126,077	9,628	6,429,548	6,109,255

(d) Currency risk

The Group is exposed to currency risk primarily through obtaining interest-bearing borrowings that are denominated in USD dollars and Euros. The currencies giving rise to this risk are USD dollars and Euros.

Exposure to currency risk

The following table details the Group's exposure to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate as at December 31, 2021 and 2022 and September 30, 2023. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end or period end date.

	As at December 31,				As at September 30,	
	2021		2022		2023	
	USD	*EUR*	*USD*	*EUR*	*USD*	*EUR*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalent	69,152	–	13,347	–	71,119	–
Interest-bearing borrowings	(1,006,302)	(308,281)	(1,058,577)	(475,592)	(950,132)	(357,028)
Redeemable preferred shares	(4,919,695)	–	(6,032,100)	–	(6,307,295)	–
Total	(5,856,845)	(308,281)	(7,077,330)	(475,592)	(7,186,308)	(357,028)

(e) Fair values

(i) Financial assets and liabilities measured at fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
– Wealth management product	–	52,358	–	52,358
Total assets measured at fair value on a recurring basis	–	52,358	–	52,358
Derivative financial instruments	–	(54,684)	–	(54,684)
Redeemable preferred shares	–	–	(4,919,695)	(4,919,695)
Total liabilities measured at fair value on a recurring basis	–	(54,684)	(4,919,695)	(4,974,379)

	December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss				
– Wealth management product	–	8,389	–	8,389
Derivative financial instruments	–	11,958	–	11,958
Total assets measured at fair value on a recurring basis	–	20,347	–	20,347
Derivative financial instruments	–	(26,194)	–	(26,194)
Redeemable preferred shares	–	–	(6,032,100)	(6,032,100)
Total liabilities measured at fair value on a recurring basis	–	(26,194)	(6,032,100)	(6,058,294)

	September 30, 2023 (unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss				
– Wealth management product	–	135,816	–	135,816
Derivative financial instruments	–	38,608	–	38,608
Total assets measured at fair value on a recurring basis	–	174,424	–	174,424
Derivative financial instruments	–	(2,400)	–	(2,400)
Redeemable preferred shares	–	–	(6,307,295)	(6,307,295)
Total liabilities measured at fair value on a recurring basis	–	(2,400)	(6,307,295)	(6,309,695)

During the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 2 fair value measurements

The fair value of forward exchange contracts included in derivative financial liabilities is determined by discounting the difference between the contractual exercise price and the market forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period.

The fair value of interest rate swaps included in derivative financial liabilities is the estimated amount that would be received or paid to terminate the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of wealth management products is determined with reference to the net assets value issued by commercial banks in the PRC.

During the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023, there were no changes in valuation techniques for the recurring Level 2 fair value measurements.

Information about Level 3 fair value measurements

The redeemable preferred shares are not traded in an active market and their fair value is determined by using valuation techniques. As their fair value is measured using significant unobservable inputs, such financial liabilities are categorized as level 3 instruments. In relation to the valuation of these level 3 instruments, the directors of the Company have (i) reviewed the terms of agreements relating to such instruments, (ii) engaged an independent valuer to perform valuations for such instruments, (iii) provided necessary financial and non-financial information to the valuer and discussed with the valuer on relevant assumptions, (iv) carefully considered all information inputs, especially non-market-related information, such as risk free rate and expected volatility, which required management assessment and estimates, and (v) reviewed the valuation reports prepared by the valuer.

The movement for the redeemable preferred shares during the Relevant Periods in level 3 fair value measurements is disclosed in Note 27.

During the years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023, there were no changes in valuation technique for the Group's financial instruments.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at December 31, 2021 and 2022 and September 30, 2023.

32 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

As at December 31, 2021 and 2022 and September 30, 2023, there are no significant credit commitments outstanding against the Group other than contractual obligations mentioned in Note 25(a).

(b) Capital commitments

As at December 31, 2021 and 2022 and September 30, 2023, there are no significant capital commitments outstanding against the Group.

(c) Contingent liabilities in respect of legal claim

As at December 31, 2021 and 2022 and September 30, 2023, there were no outstanding legal proceedings against the Group.

33 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of the entities	Relationship
API (Hong Kong) Investment Limited ("API")	Shareholders who hold 5% or more of the shares of the Company
The Rise Fund SF Pte. Ltd.	Shareholders who hold 5% or more of the shares of the Company
OTPP	Shareholders who hold 5% or more of the shares of the Company
NewQuest Asia Fund IV (Singapore) Pte. Ltd.	Shareholders who hold 5% or more of the shares of the Company
Multi Ace Limited	Shareholders who hold 5% or more of the shares of the Company
Impact Blossom	Shareholders who hold 5% or more of the shares of the Company
Tianjin Huafuju New Energy Co., Ltd.* ("天津華富居新能源有限公司")	Other investors of Xiangju New Energy

Name of the entities	Relationship
Alipay.com Co., Ltd* ("支付寶(中國)網絡技術有限公司")	Controlled by API's parent
Beijing Ant Cloud Financial Information Service Co., Ltd.* ("北京螞蟻雲金融信息服務有限公司")	Controlled by API's parent
TDFZ Asset Management Co., Ltd.* ("天弘創新資產管理有限公司")	Controlled by API's parent
Advanced New Technologies Co., Ltd* ("創新先進技術有限公司")	Controlled by API's parent
China Foundation for Rural Development* ("中國鄉村發展基金會")	Shareholders who hold 5% or more of the shares of the Company prior to the Group's reorganization
International Finance Corporation	Shareholders who hold 5% or more of the shares of the Company prior to the Group's reorganization
Deshun Fengkai (Beijing) data analysis technology Co., Ltd* ("德順風開(北京)數據分析技術有限公司")	Other investors of Beijing Little Whale
Ant Blockchain Technology (Shanghai) Co., LTD* ("螞蟻區塊鏈科技(上海)有限公司")	Controlled by API's parent
Ant Zhixin (Hangzhou) Information Technology Co., Ltd.* ("螞蟻智信(杭州)信息技術有限公司")	Controlled by API's parent

* The English translation of the names of these entities is for reference only. The official names of the entities are in Chinese.

(b) Transaction amounts with related parties

	Year ended December 31,		Nine months ended September 30,	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000* (unaudited)
Interest and commission expense				
Entities controlled by API's parent	221	123	–	–
Purchases of technical services				
Entities controlled by API's parent	1,559	5,119	3,539	3,212
Entities under significant influence of CBG	1,108	5	5	–
Transactions with NCI				
Other investors of Beijing Little Whale	–	–	–	12,064

(c) The balances of transactions with related parties

	As at December 31,		As at September 30,
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)
Trade in nature:			
Trade and other receivables			
Entities under significant influence of CBG	48	129	124
Entities controlled by API's parent	1,544	–	–

	As at December 31,		As at September 30,
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
			(unaudited)
Other investors of Xiangju New Energy	–	–	6,086
Other investors of Beijing Little Whale	–	–	12,064

(d) Transactions with key management personnel

	Year ended December 31,		Nine months ended September 30,	
	2021	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	*(unaudited)*
Key management personnel remuneration	12,285	10,286	7,946	11,073

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD BEGINNING JANUARY 1, 2023

Up to the date of issue of this Historical Financial Information, the IASB has issued a number of amended standards, which are not yet effective for the period beginning January 1, 2023 and which have not been adopted in the Historical Financial Information.

These developments but not yet effective for the period from January 1, 2023 are set out below:

	Effective for accounting periods beginning on or after
Amendments to IAS 17 and IFRS 7, *Supplier Finance Arrangements*	January 1, 2024
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	January 1, 2024
Amendments to IAS 1, *Non-current Liabilities with Covenants*	January 1, 2024
Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*	January 1, 2024
Amendments to IAS 21, *Lack of Exchangeability*	January 1, 2024
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

35 SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Historical Financial Information, no significant subsequent events have occurred subsequent to September 30, 2023.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to September 30, 2023.

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Set out below is a summary of certain provisions of the constitution of the Company and certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 August 2019 under the Companies Act. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted (and therefore include acting as an investment holding company) and that the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] and will become effective on the [**REDACTED**]. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of Shares

The share capital of the Company consists of a single class of ordinary shares.

(b) Variation of Rights of Existing Shares or Classes of Shares

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorised representative), or representing by proxy, at least one-third of the issued Shares of that class. Every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him, and any holder of Shares of the class present in person or by proxy may demand a poll.

For the purposes of a separate class meeting, the Board may treat two or more classes of Shares as forming one class of Shares if the Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

(c) Alteration of Capital

The Company may by ordinary resolution:

(i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;

(ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, the Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum; and

(iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

The Company may by special resolution reduce its share capital or any undistributable reserve, subject to the provisions of the Companies Act.

(d) Transfer of Shares

Subject to the terms of the Articles, any member of the Company may transfer all or any of his Shares by an instrument of transfer. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the requirements of the Stock Exchange, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a recognised clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of the Company in respect of that Share.

Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

The Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which the Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognise any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Redemption of Shares

Subject to the provisions of the Companies Act, the Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may by special resolution determine before the issue of such Shares.

(f) Power of the Company to Purchase its own Shares

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorised by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

(g) Power of any Subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to the ownership of Shares in the Company by a subsidiary.

(h) Calls on Shares and Forfeiture of Shares

Subject to the terms of allotment and issue of any Shares (if any), the Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to the Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by instalments, and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such Share.

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as the Board shall determine (together with any expenses incurred by the Company as a result of such non-payment) from the day it became due and payable until it is paid, but the Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or instalment of a call after it has become due and payable, the Board may, for so long as any part of the call or instalment remains unpaid, give to such member not less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by the Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to the Company for cancellation the certificate(s) for the Shares forfeited and shall remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the Shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as the Board may determine and any expenses incurred by the Company as a result of such non-payment.

2.2 Directors

(a) Appointment, Retirement and Removal

The Company may by ordinary resolution of the members elect any person to be a Director. The Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between the Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns from his office as Director;

(ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;

(iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(v) the Director is prohibited from being or ceases to be a Director by operation of law;

(vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the Listing Rules; or

(vii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(b) Power to Allot and Issue Shares and other Securities

Subject to the provisions of the Companies Act, the Memorandum and Articles and, where applicable, the Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

The Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Subject to the provisions of the Companies Act, the Memorandum and Articles and any directions given by special resolution of the Company, the Board may exercise all powers and do all acts and things which may be exercised or done by the Company to dispose of the assets of the Company or any of its subsidiaries. No alteration to the Memorandum or Articles and no direction given by special resolution of the Company shall invalidate any prior act of the Board which would have been valid if such alteration or direction had not been made or given.

(d) Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of the Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of the Company, and, subject to the Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) Remuneration

A Director shall be entitled to receive such sums as shall from time to time be determined by the Board or the Company in general meetings. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of the Board or committees of the Board, or general meetings of the Company or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by the Board.

The Board or the Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of the Board or the Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) Compensation or Payments for Loss of Office

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) Loans to Directors

There are no provisions in the Articles relating to making of loans to Directors.

(h) Disclosure of Interest in Contracts with the Company or any of its Subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of Shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the [**REDACTED**] or sub-[**REDACTED**] of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the Constitutional Documents and the Company's Name

The Memorandum and Articles may only be altered or amended, and the name of the Company may only be changed, by special resolution of the Company.

2.5 Meetings of Members

(a) Special and Ordinary resolutions

A special resolution must be passed by a majority of not less than three-fourths of the voting rights held by such members as, being entitled so to do, vote in person or by proxy or, in the case of any members which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person or by proxy or, in the case of any member which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of shares.

(b) Voting Rights and Right to Demand a Poll

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other join holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of the Company.

If a recognised clearing house or its nominee(s) is a member of the Company, it may appoint proxies or authorise such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house or its nominee(s) as if such person were a natural person member of the Company, including the right to speak and vote individually on a show of hands or on a poll.

All members of the Company (including a member which is a recognised clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) and vote at a general meeting except where a member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual General Meetings and Extraordinary General Meetings

The Company must hold a general meeting as its annual general meeting in each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of the Company's financial year. A meeting of the members or any class thereof may be held by telephone, tele-conferencing or other electronic means, provided that all participants are able to communicate contemporaneously with one another, and participation in a meeting in such manner shall constitute presence at such meetings.

The Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of the Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition, which must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists, shall be deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office of the Company. If the Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting to be held within the following 21 days, the requisitionists or any of them representing more than one-half of the total voting rights of all the requisitionists may themselves convene a general meeting, but any such meeting so convened shall be held no later than the day falling three months after the expiration of the said 21-day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board, and all reasonable expenses incurred by the requisitionists shall be reimbursed to the requisitionists by the Company.

(d) Notices of Meetings and Business to be Conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the date, time, place and agenda of the meeting, the particulars of the resolution(s) to be considered at the meeting and the general nature of the business to be considered at the meeting.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address, (to the extent permitted by the Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the Listing Rules and all applicable laws, rules and regulations, or by sending or otherwise making it available to the relevant person through such other means, whether electronically or otherwise, to the extent permitted by and in accordance with the Listing Rules and all applicable laws, rules and regulations.

Notwithstanding that a meeting of the Company is called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(A) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;

(B) the Board shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting. Such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(C) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

(e) Quorum for Meetings and Separate Class Meetings

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class.

(f) Proxies

Any member of the Company (including a member which is a recognised clearing house (or its nominee(s))) entitled to attend and vote at a meeting of the Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorised representative.

The Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as the Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

2.6 Accounts and Audit

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions in accordance with the Companies Act.

The books of accounts of the Company shall be kept at the principal place of business of the Company in Hong Kong or, subject to the provisions of the Companies Act, at such other place or places as the Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or as authorised by the Board or the Company in general meeting.

The Board shall cause to be prepared and laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law and the Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other Methods of Distribution

Subject to the Companies Act and the Articles, the Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorise payment of the dividends or distributions out of the funds of the Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by the Board, and (ii) no dividends or distributions shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. In addition, the Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

The Board may deduct from any dividends or other distributions payable to any member of the Company all sums of money (if any) then payable by him to the Company on account of calls or otherwise. The Board may retain any dividends or distributions payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by the Company on or in respect of any Share shall carry interest against the Company.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may further resolve:

(a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of the Board, the Company may by ordinary resolution resolve in respect of any one particular dividend of the Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder of such Shares or by cheque or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years from the date on which such dividends or distributions become payable shall be forfeited and shall revert to the Company.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarised in paragraph 3.6 below.

2.10 Procedures on Liquidation

Subject to the Companies Act, the members of the Company may by special resolution resolve to wind up the Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

(a) if the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and

(b) if the assets available for distribution among the members of the Company are insufficient to repay the whole of the Company's paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Companies Act, divide among the members in kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was incorporated in the Cayman Islands as an exempted company on 29 August 2019 subject to the Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company Operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share Capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Companies Act;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

[Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations; and

(b) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The undertaking for the Company is for a period of 20 years from [●].]

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.15 Register of Directors and Officers

Pursuant to the Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding Up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.18 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

3.19 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) the company is not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonable approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Companies Act or that would amount to a "fraud on the minority".

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his shares), which may be available to dissenting members of corporations in other jurisdictions.

3.20 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.21 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.22 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2021 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. The Company is required to comply with the economic substance requirements from 1 July 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on any relevant activities and if it is, it must satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands laws, has sent to the Company a letter of advice summarising the aspects of the Companies Act set out in section 3 above. This letter, together with copies of the Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed "Documents on display" in Appendix V. Any person wishing to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

We were incorporated in the Cayman Islands under Cayman Companies Act as an exempted company with limited liability on August 29, 2019. We have established a principal place of business in 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance. Mr. Lee Leong Yin has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As we were incorporated in the Cayman Islands, our operations is subject to the Cayman Companies Act and to the Memorandum and Articles of Association. A summary of the certain aspects of the Cayman Islands company law and a summary of certain provisions of the Memorandum and Articles of Association is set out in "Summary of the Constitution of the Company and the Company Laws of the Cayman Islands" in Appendix III to this document.

2. Changes in the Share Capital of Our Company

There have not been any changes in the Company's share capital within the past two years preceding the date of this document.

Each Preferred Share will be converted into ordinary share at the conversion ratio of 1:1 by way of re-designation immediately prior to the [**REDACTED**].

For details of our Company's authorized and issued share capital and consideration relating to the allotment of the Preferred Shares above, please refer to the sections headed "Share Capital—Authorized and Issued Share Capital" and "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments" in this document.

For subsequent changes in our Company's share capital, see "—3. Resolutions in Writing of the Shareholders of Our Company Passed on [●]" below. Save as disclosed above, there has been no alternation in our share capital within the two years immediately preceding the date of this document.

Save as disclosed above and in this document, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

3. Resolutions in Writing of the Shareholders of Our Company Passed on [●]

Pursuant to the written resolutions passed by the Shareholders on [●]:

(a) conditional on (1) the [**REDACTED**] granting the [**REDACTED**] of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document and such grant and permission not having been subsequently revoked prior to the commencement of dealings in the Shares on the Stock Exchange, (2) the [**REDACTED**] being fixed on the [**REDACTED**] and (3) the obligations of the [**REDACTED**] under the [**REDACTED**] becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the [**REDACTED**]:

(i) the conditional adoption of the Memorandum and Articles of Association which will come into effect upon [**REDACTED**] was approved;

(ii) the [**REDACTED**] was approved and our Directors were authorized to allot and issue the [**REDACTED**] pursuant to the [**REDACTED**];

(iii) the granting of the [**REDACTED**] was approved; and

(iv) the proposed [**REDACTED**] was approved and our Directors were authorized to implement the [**REDACTED**].

(b) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by our Directors other than pursuant to (a) a rights issue, (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, (c) the exercise of options which may be granted under the 2020 Equity Incentive Plan, (d) the exercise of any subscription or conversion rights attaching to any warrants or securities which are convertible into Shares or in issue prior to the date of passing the relevant resolution or (e) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of (1) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the [**REDACTED**] (but excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] or under the 2020 Equity Incentive Plan) and (2) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (c) below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of the conclusion of our next annual general meeting, the end of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting and the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Applicable Period**");

(c) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be [**REDACTED**] and which is recognized by the SFC and the Stock Exchange for this purpose Shares with a total nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the [**REDACTED**] (but excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] or under the 2020 Equity Incentive Plan), such mandate to remain in effect during the Applicable Period;

(d) the general unconditional mandate mentioned in paragraph (c) above be extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (c) above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the Company's share capital in issue immediately following completion of the [**REDACTED**] (but excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**], or under the 2020 Equity Incentive Plan); and

(e) immediately prior to the completion of the [**REDACTED**], each of the Preferred Shares be converted into ordinary shares at the conversion of 1:1 by way of redesignation.

4. 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 in Appendix I to this document.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this document:

Chongho Bridge Group Limited* (中和農信農業集團有限公司)

On June 21, 2021, the registered capital of Chongho Bridge Group Limited* (中和農信農業集團有限公司) was increased from RMB1,002,751,018 to RMB1,950,000,000.

Luohe Chongho Bridge Microfinance Limited* (漯河中和農信小額貸款有限公司)

On July 8, 2021, the Luohe Chongho Bridge Microfinance Limited* (漯河中和農信小額貸款有限公司) was established with a registered capital of RMB200,000,000.

Beijing Xiangju New Energy Technology Limited* (北京鄉居新能源科技有限公司)

On December 10, 2021, the Beijing Xiangju New Energy Technology Limited* (北京鄉居新能源科技有限公司) was established with a registered capital of RMB10,000,000.

On September 30, 2022, the registered capital of Beijing Xiangju New Energy Technology Limited was increased from RMB10,000,000 to RMB30,000,000.

Chengdu Tianjie Organic Agriculture Development Co., Ltd.* (成都天傑有機農業發展有限公司)

On November 15 2021, the registered capital of Chengdu Tianjie Organic Agriculture Development Co., Ltd.* (成都天傑有機農業發展有限公司) was increased from RMB10,000,000 to RMB16,500,000.

Inner Mongolia Chongho Bridge Microfinance Limited* (內蒙古中和農信農村小額貸款有限責任公司)

On January 11, 2022, the registered capital of Inner Mongolia Chongho Bridge Microfinance Limited* (內蒙古中和農信農村小額貸款有限責任公司) was increased from RMB150,000,000 to RMB250,000,000.

Yingkou Huirong Power Engineering Co., Ltd.* (營口匯融電力工程有限公司)

On January 18, 2022, Yingkou Huirong Power Engineering Co., Ltd.* (營口匯融電力工程有限公司) was established with a registered capital of RMB1,000,000.

Hunan Chongho Bridge Microfinance Limited* (湖南中和農信小額貸款有限責任公司)

On April 24, 2022, the registered capital of Hunan Chongho Bridge Microfinance Limited* (湖南中和農信小額貸款有限責任公司) was increased from RMB100,000,000 to RMB150,000,000.

Save as disclosed above, there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

5. Repurchases of Our Own Securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies listed on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on [●], a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the [**REDACTED**] (without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], any Shares which may be issued under the 2020 Equity Incentive Plan), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Act or by our Articles of Association or any other applicable laws to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Act, out of capital.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this document) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan, could accordingly result in up to approximately [**REDACTED**] Shares being repurchased by our Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or

(iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates has any present intention to sell any Shares to our Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person of our Company has notified our Company that he or she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public falling below 25% of the total number of Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the [**REDACTED**] under Rule 8.08 of the Listing Rules. However, the Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient [**REDACTED**] as prescribed under the Listing Rules.

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) were entered into by our Company or its subsidiaries within the two years preceding the date of this document and are or may be material:

(a) an amended and restated exclusive business cooperation agreement dated January 19, 2024 entered into between Chongho Bridge Group Limited and Beijing Xiangzhu, pursuant to which Beijing Xiangzhu agreed to engage Chongho Bridge Group Limited as its exclusive provider of business cooperation and related services in exchange for service fees;

(b) an amended and restated exclusive technical consultancy and service agreement dated January 19, 2024 entered into between Chongho Bridge Group Limited and Beijing Xiangzhu, pursuant to which Beijing Xiangzhu agreed to engage Chongho Bridge Group Limited as its exclusive provider of technical consultancy and services in exchange for service fees;

(c) an amended and restated exclusive purchase option agreement dated January 19, 2024 entered into between Beijing Xiangzhu, the Beijing Xiangzhu Shareholders and Chongho Bridge Group Limited, pursuant to which Chongho Bridge Group Limited was granted an exclusive right to purchase all or any of the equity interest in and/or assets of Beijing Xiangzhu held at present or in the future;

(d) an amended and restated equity pledge agreement dated January 19, 2024 entered into between Beijing Xiangzhu, the Beijing Xiangzhu Shareholders and Chongho Bridge Group Limited, pursuant to which the Beijing Xiangzhu Shareholders pledged all of their respective equity interests in Beijing Xiangzhu and dividends in respect of their equity interests in Beijing Xiangzhu to Chongho Bridge Group Limited;

(e) an amended and restated voting proxy agreement dated January 19, 2024 entered into between Beijing Xiangzhu, the Beijing Xiangzhu Shareholders and Chongho Bridge Group Limited, pursuant to which each of the Beijing Xiangzhu Shareholders irrevocably agreed to appoint Chongho Bridge Group Limited and/or its designee as their exclusive agent and attorney to act on their behalf on all matters concerning Beijing Xiangzhu and to exercise all of their rights as shareholders of Beijing Xiangzhu; and

(f) the [**REDACTED**].

2. Intellectual Property Rights of the Group

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
1.	乡和	9	Chongho Bridge Group Limited	PRC	69780437	February 24, 2023	August 06, 2033
2.		36	Chongho Bridge Group Limited	PRC	63078732	March 07, 2022	September 06, 2032
3.	中和农信	35	Chongho Bridge Group Limited	PRC	62374072	January 25, 2022	July 13, 2032
4.		35	Chongho Bridge Group Limited	PRC	62385941	January 25, 2022	July 20, 2032
5.	乡助	21	Chongho Bridge Group Limited	PRC	60810772	November 23, 2021	May 13, 2032
6.	乡助	32	Chongho Bridge Group Limited	PRC	60800634	November 23, 2021	May 27, 2032
7.	乡助	29	Chongho Bridge Group Limited	PRC	60826545	November 23, 2021	January 20, 2033
8.	乡助	31	Chongho Bridge Group Limited	PRC	60827217	November 23, 2021	June 06, 2032
9.	乡助	41	Chongho Bridge Group Limited	PRC	60803917	November 23, 2021	May 27, 2032
10.	乡助	44	Chongho Bridge Group Limited	PRC	60827296	November 23, 2021	May 20, 2033
11.	乡助	30	Chongho Bridge Group Limited	PRC	60807822	November 23, 2021	May 13, 2032
12.	乡助	8	Chongho Bridge Group Limited	PRC	60826187	November 23, 2021	June 06, 2032
13.	乡助	1	Chongho Bridge Group Limited	PRC	60825694	November 23, 2021	May 20, 2033
14.	乡助	42	Chongho Bridge Group Limited	PRC	60822013	November 23, 2021	March 13, 2033
15.	乡助	43	Chongho Bridge Group Limited	PRC	60822024	November 23, 2021	January 20, 2033
16.	乡助	36	Chongho Bridge Group Limited	PRC	60831869	November 23, 2021	June 13, 2032

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
17.	乡助 xiangzhu	35	Chongho Bridge Group Limited	PRC	60823216	November 23, 2021	May 13, 2032
18.	乡助 xiangzhu	40	Chongho Bridge Group Limited	PRC	60830386	November 23, 2021	May 27, 2032
19.	乡助 xiangzhu	39	Chongho Bridge Group Limited	PRC	60826426	November 23, 2021	May 20, 2033
20.	chonghobridge	42	Chongho Bridge Group Limited	PRC	60033225	October 22, 2021	April 13, 2032
21.	chonghobridge	35	Chongho Bridge Group Limited	PRC	60031407	October 22, 2021	April 13, 2032
22.	chonghobridge	36	Chongho Bridge Group Limited	PRC	60009481	October 22, 2021	April 13, 2032
23.	乡助 xiangzhu	9	Chongho Bridge Group Limited	PRC	59797989	October 13, 2021	April 27, 2032
24.	乡助 xiangzhu	31	Chongho Bridge Group Limited	PRC	59795049	October 13, 2021	April 27, 2032
25.	乡助 xiangzhu	21	Chongho Bridge Group Limited	PRC	59791899	October 13, 2021	April 27, 2032
26.	乡助 xiangzhu	35	Chongho Bridge Group Limited	PRC	59784869	October 13, 2021	April 27, 2032
27.	乡助 xiangzhu	1	Chongho Bridge Group Limited	PRC	59787832	October 13, 2021	July 06, 2032
28.	乡助 xiangzhu	42	Chongho Bridge Group Limited	PRC	59806831	October 13, 2021	April 27, 2032
29.	乡助 xiangzhu	36	Chongho Bridge Group Limited	PRC	59781635	October 13, 2021	April 27, 2032
30.	乡助 xiangzhu	40	Chongho Bridge Group Limited	PRC	59802280	October 13, 2021	April 27, 2032
31.	乡助 xiangzhu	29	Chongho Bridge Group Limited	PRC	59803859	October 13, 2021	April 27, 2032
32.	乡助 xiangzhu	43	Chongho Bridge Group Limited	PRC	59805252	October 13, 2021	April 20, 2032
33.	乡助 xiangzhu	32	Chongho Bridge Group Limited	PRC	59799062	October 13, 2021	April 27, 2032
34.	乡助 xiangzhu	44	Chongho Bridge Group Limited	PRC	59792487	October 13, 2021	April 20, 2032
35.	乡助 xiangzhu	41	Chongho Bridge Group Limited	PRC	59788674	October 13, 2021	April 27, 2032
36.	乡助 xiangzhu	8	Chongho Bridge Group Limited	PRC	59781857	October 13, 2021	April 27, 2032
37.		42	Chongho Bridge Group Limited	PRC	58983180	September 03, 2021	May 27, 2032

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
38.	中和用呗	36	Chongho Bridge Group Limited	PRC	44922804	March 26, 2020	December 03, 2030
39.	中和用呗	31	Chongho Bridge Group Limited	PRC	44931183	March 26, 2020	February 20, 2031
40.	中和用呗	29	Chongho Bridge Group Limited	PRC	44911041	March 26, 2020	December 27, 2030
41.	乡信	1	Chongho Bridge Group Limited	PRC	25051094	June 28, 2017	July 06, 2028
42.	中和农信	2	Chongho Bridge Group Limited	PRC	25007046	June 27, 2017	September 20, 2028
43.	中和农信	42	Chongho Bridge Group Limited	PRC	25007660	June 27, 2017	September 20, 2028
44.	中和农信	29	Chongho Bridge Group Limited	PRC	25007664	June 27, 2017	July 06, 2028
45.	中和农信	43	Chongho Bridge Group Limited	PRC	25007659	June 27, 2017	September 06, 2028
46.	乡助	32	Chongho Bridge Group Limited	PRC	25007060	June 27, 2017	June 27, 2028
47.	中和农信	24	Chongho Bridge Group Limited	PRC	25007667	June 27, 2017	June 27, 2028
48.	中和农信	15	Chongho Bridge Group Limited	PRC	25007042	June 27, 2017	June 27, 2028
49.	中和农信	18	Chongho Bridge Group Limited	PRC	25007670	June 27, 2017	June 27, 2028
50.	中和农信	45	Chongho Bridge Group Limited	PRC	25007658	June 27, 2017	September 06, 2028
51.	中和农信	22	Chongho Bridge Group Limited	PRC	25007669	June 27, 2017	June 27, 2028
52.	中和农信	40	Chongho Bridge Group Limited	PRC	25007661	June 27, 2017	September 20, 2028
53.	中和农信	26	Chongho Bridge Group Limited	PRC	25007666	June 27, 2017	June 27, 2028
54.	中和农信	27	Chongho Bridge Group Limited	PRC	25007665	June 27, 2017	June 27, 2028
55.	中和农信	13	Chongho Bridge Group Limited	PRC	25007043	June 27, 2017	June 27, 2028
56.	中和农信	4	Chongho Bridge Group Limited	PRC	25007045	June 27, 2017	June 27, 2028
57.	乡助	33	Chongho Bridge Group Limited	PRC	25007059	June 27, 2017	June 27, 2028
58.	中和农信	31	Chongho Bridge Group Limited	PRC	25007663	June 27, 2017	September 20, 2028

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
59.	中和农信	34	Chongho Bridge Group Limited	PRC	25007662	June 27, 2017	June 27, 2028
60.	中和农信	23	Chongho Bridge Group Limited	PRC	25007668	June 27, 2017	June 27, 2028
61.	乡合	31	Chongho Bridge Group Limited	PRC	22105534	December 01, 2016	January 20, 2028
62.		36	Chongho Bridge Group Limited	PRC	13368916	October 15, 2013	February 13, 2025
63.	中和农信	25	Chongho Bridge Group Limited	PRC	13369064	October 15, 2013	January 13, 2025
64.		41	Chongho Bridge Group Limited	PRC	13369277	October 15, 2013	January 27, 2025
65.	中和农信	35	Chongho Bridge Group Limited	PRC	13369138	October 15, 2013	January 20, 2025
66.		25	Chongho Bridge Group Limited	PRC	13369075	October 15, 2013	March 06, 2025
67.	中和农信	36	Chongho Bridge Group Limited	PRC	13368911	October 15, 2013	June 13, 2025
68.		35	Chongho Bridge Group Limited	PRC	13369153	October 15, 2013	February 13, 2025
69.		36	Chongho Bridge Group Limited	PRC	7688028	September 10, 2009	April 13, 2031
70.		35	Chongho Bridge Group Limited	PRC	7688036	September 10, 2009	January 06, 2031
71.	小鲸向海	9	Beijing Little Whale Insurance Agency Limited	PRC	54133287	March 08, 2021	October 13, 2031
72.	小鲸向海	35	Beijing Little Whale Insurance Agency Limited	PRC	54105114	March 08, 2021	October 06, 2031
73.	小鲸向海	36	Beijing Little Whale Insurance Agency Limited	PRC	54131796	March 08, 2021	October 06, 2031

No.	Trademark	Type and class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
74.	小鲸向海	38	Beijing Little Whale Insurance Agency Limited	PRC	54133318	March 08, 2021	October 06, 2031
75.	中和农信 CHONGHO BRIDGE 中和农信 CHONGHO BRIDGE	1, 5, 7, 9, 12, 29, 30, 31, 35, 36, 42	Chongho Bridge Limited	Hong Kong	305795227	November 08, 2021	November 07, 2031

(b) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which are material to our business:

No.	Domain name	Registrant	Registration date	Expiry date
1.	cdfinance.cn	Chongho Bridge Group Limited	April 13, 2017	April 13, 2025
2.	cdfinance.net	Chongho Bridge Group Limited	January 19, 2018	January 19, 2025
3.	cdfinance.org.cn	Chongho Bridge Group Limited	January 19, 2018	January 19, 2025
4.	cdfinance.com.cn	Chongho Bridge Group Limited	January 19, 2018	January 19, 2025
5.	chongho.net.cn	Chongho Bridge Group Limited	December 03, 2021	December 03, 2025
6.	xiangzhu.org.cn	Chongho Bridge Group Limited	October 23, 2007	October 23, 2024
7.	chongho.org.cn	Chongho Bridge Group Limited	December 03, 2021	December 03, 2025
8.	chongho.net	Chongho Bridge Group Limited	September 18, 2021	September 18, 2025
9.	中和農信.net	Chongho Bridge Group Limited	January 19, 2011	January 19, 2025
10.	cfpamf.net	Chongho Bridge Group Limited	January 19, 2011	January 19, 2025
11.	cfpamf.com.cn	Chongho Bridge Group Limited	January 19, 2011	January 19, 2025

No.	Domain name	Registrant	Registration date	Expiry date
12.	中和農信.com	Chongho Bridge Group Limited	January 19, 2011	January 19, 2025
13.	zhnx.net	Chongho Bridge Group Limited	January 19, 2011	January 19, 2025
14.	cfpamf.org.cn	Chongho Bridge Group Limited	June 18, 2008	June 18, 2024
15.	cfpamf.com	Chongho Bridge Group Limited	January 19, 2011	January 19, 2025
16.	chongho.cn	Chongho Bridge Group Limited	December 03, 2021	December 03, 2025
17.	chonghobridge.com	Chongho Bridge Group Limited	September 17, 2021	September 17, 2025
18.	xiangzhu.com.cn	Beijing Xiangzhu Technology Limited	October 06, 2006	October 06, 2024
19.	zhnxtech.com	Beijing Xiangzhu Technology Limited	August 27, 2021	August 27, 2024
20.	zhnxtech.net	Beijing Xiangzhu Technology Limited	August 27, 2021	August 27, 2024
21.	xiangzhutech.net	Beijing Xiangzhu Technology Limited	December 01, 2021	December 01, 2024
22.	xiangzhutech.cn	Beijing Xiangzhu Technology Limited	December 01, 2021	December 01, 2024
23.	zhnxtech.cn	Beijing Xiangzhu Technology Limited	August 27, 2021	August 27, 2024
24.	xiaowhale.net	Beijing Little Whale Insurance Agency Limited	December 22, 2020	December 22, 2024
25.	xiaowhale.cn	Beijing Little Whale Insurance Agency Limited	December 22, 2020	December 22, 2024
26.	xiaowhale.com	Beijing Little Whale Insurance Agency Limited	December 22, 2020	December 22, 2024
27.	cdfinance-tech.com	Beijing Xiangzhu Technology Limited	December 23, 2019	December 23, 2024

(c) Copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which are material to our business:

No.	Registered owner	Title of software copyright	Registration number	Place of registration	First publication date	Registration date	Expiry date
1.	Chongho Bridge Group Limited	BMS permission management platform V1.0 (BMS權限管理平台V1.0)	2023SR1268854	PRC	Unpublished	October 20, 2023	N/A
2.	Chongho Bridge Group Limited	Chongho automated testing efficiency system V1.0 (中和自動化測試效能系統V1.0)	2023SR1268674	PRC	Unpublished	October 20, 2023	N/A
3.	Chongho Bridge Group Limited, Beijing Xiangzhu Technology Limited, Chongho (Beijing) Agricultural Technology Limited	Xiangxin APP V1.3.4 (鄉信APP V1.3.4)	2022SR0980030	PRC	Unpublished	July 29, 2022	N/A
4.	Chongho Bridge Group Limited	Chongho rule engine system V1.0 (中和規則引擎系統V1.0)	2021SR1883603	PRC	Unpublished	November 25, 2021	N/A
5.	Chongho Bridge Group Limited	Chongho Bridge operation and maintenance platform V1.0 (中和農信盤古運維平台V1.0)	2021SR1883563	PRC	Unpublished	November 25, 2021	N/A
6.	Chongho Bridge Group Limited	Chongho data fault monitoring system V1.0 (中和數據故障監控系統V1.0)	2021SR1883766	PRC	Unpublished	November 25, 2021	N/A
7.	Chongho Bridge Group Limited	Chongho micro report system V1.0 (中和微報表系統V1.0)	2021SR1883765	PRC	Unpublished	November 25, 2021	N/A
8.	Chongho Bridge Group Limited	Chongho financial management system V1.0 (中和財務管理系統V1.0)	2021SR1883604	PRC	Unpublished	November 25, 2021	N/A

No.	Registered owner	Title of software copyright	Registration number	Place of registration	First publication date	Registration date	Expiry date
9.	Chongho Bridge Group Limited	Chongho contract management system V1.0 (中和合同管理系統V1.0)	2021SR1883564	PRC	Unpublished	November 25, 2021	N/A
10.	Chongho Bridge Group Limited	Internal audit management system V1.0 (內審管理系統V1.0)	2021SR1883605	PRC	Unpublished	November 25, 2021	N/A
11.	Chongho Bridge Group Limited	Chongho ABS assets management system V2.0 (中和ABS資產管理系統V2.0)	2021SR0346765	PRC	Unpublished	March 05, 2021	N/A
12.	Chongho Bridge Group Limited	Chongho data consistency inspection system V1.0 (中和數據一致性巡檢系統V1.0)	2021SR0342781	PRC	Unpublished	March 05, 2021	N/A
13.	Chongho Bridge Group Limited	Chongho e-commerce management system V1.0 (中和電商管理系統V1.0)	2021SR0346778	PRC	Unpublished	March 05, 2021	N/A
14.	Chongho Bridge Group Limited	Chongho salary indicator accounting system V1.0 (中和薪酬指標核算系統V1.0)	2021SR0344697	PRC	Unpublished	March 05, 2021	N/A
15.	Chongho Bridge Group Limited	Chongho microfinance submission management system V1.0 (中和小貸報送管理系統V1.0)	2021SR0342780	PRC	Unpublished	March 05, 2021	N/A
16.	Chongho Bridge Group Limited	Chongho business analysis system V1.0 (中和經營分析系統V1.0)	2021SR0342786	PRC	Unpublished	March 05, 2021	N/A
17.	Chongho Bridge Group Limited	Palm Chongho APP V2.9.5 (掌上中和APP V2.9.5)	2021SR0346561	PRC	Unpublished	March 05, 2021	N/A
18.	Chongho Bridge Group Limited	Chongho her system V1.0 (中和eHR系統V1.0)	2021SR0346599	PRC	Unpublished	March 05, 2021	N/A

No.	Registered owner	Title of software copyright	Registration number	Place of registration	First publication date	Registration date	Expiry date
19.	Chongho Bridge Group Limited、北京鄉助	Xiangzhu APP V1.0 (鄉助APP V1.0)	2020SR1503255	PRC	Unpublished	September 23, 2020	N/A
20.	Chongho Bridge Group Limited	Chongho Bridge risk review and approval system V1.0 (中和農信風險審核審批系統V1.0)	2019SR0209610	PRC	January 03, 2019	March 04, 2019	December 31, 2069
21.	Chongho Bridge Group Limited	Chongho Bridge insurance business management system V1.0 (中和農信保險業務管理系統V1.0)	2019SR0209607	PRC	January 03, 2019	March 04, 2019	December 31, 2069
22.	Chongho Bridge Group Limited	Chongho Bridge credit inquiry front-end system V1.0 (中和農信徵信查詢前置系統V1.0)	2019SR0207848	PRC	January 03, 2019	March 04, 2019	December 31, 2069
23.	Chongho Bridge Group Limited	Chongho Bridge speed finance mobile client system (Android version) V1.0 (中和農信極速貸手機客戶端系統(安卓版)V1.0)	2019SR0208009	PRC	January 03, 2019	March 04, 2019	December 31, 2069
24.	Chongho Bridge Group Limited	Chongho Bridge operational management system V1.0 (中和農信運營管理系統V1.0)	2019SR0208650	PRC	January 03, 2019	March 04, 2019	December 31, 2069
25.	Chongho Bridge Group Limited	Chongho Bridge big data analysis platform V1.0 (中和農信大數據分析平台V1.0)	2019SR0208003	PRC	January 03, 2019	March 04, 2019	December 31, 2069
26.	Chongho Bridge Group Limited	Chongho Bridge big data risk control system V1.0 (中和農信大數據風控系統V1.0)	2019SR0204427	PRC	January 03, 2019	March 04, 2019	December 31, 2069

No.	Registered owner	Title of software copyright	Registration number	Place of registration	First publication date	Registration date	Expiry date
27.	Chongho Bridge Group Limited	Chongho Bridge credit accounting system V1.0 (中和農信信貸核算系統V1.0)	2019SR0204200	PRC	January 03, 2019	March 04, 2019	December 31, 2069
28.	Chongho Bridge Group Limited	Chongho credit management system V1.0 (中和農信徵信管理系統V1.0)	2019SR0209561	PRC	January 03, 2019	March 04, 2019	December 31, 2069
29.	Chongho Bridge Group Limited	Chongho Bridge speed finance mobile client system (IOS version) V1.0 (中和農信極速貸手機客戶端系統(IOS版)V1.0)	2019SR0206148	PRC	January 03, 2019	March 04, 2019	December 31, 2069
30.	Chongho Bridge Group Limited	Chongho finance service software V1.0 (中和金服軟件V1.0)	2018SR589083	PRC	May 15, 2018	July 26, 2018	December 31, 2068
31.	Chongho Bridge Group Limited	Chongho Bridge encryption management system V1.0 (中和農信加密管理系統V1.0)	2016SR143934	PRC	October 17, 2015	June 16, 2016	December 31, 2065
32.	Chongho Bridge Group Limited	Chongho process and port viewing system V1.0 (中和農信進程和端口查看系統V1.0)	2016SR142581	PRC	November 23, 2015	June 15, 2016	December 31, 2065
33.	Chongho Bridge Group Limited	Chongho microfinance asset investment analysis system V1.0 (中和農信小貸資產投資分析系統V1.0)	2016SR142967	PRC	September 27, 2015	June 15, 2016	December 31, 2065
34.	Chongho Bridge Group Limited	Chongho credit fee management system V1.0 (中和農信信貸收費管理系統V1.0)	2016SR142388	PRC	December 10, 2015	June 15, 2016	December 31, 2065

No.	Registered owner	Title of software copyright	Registration number	Place of registration	First publication date	Registration date	Expiry date
35.	Chongho Bridge Group Limited	Chongho microfinance ABS management system V2.0 (中和農信小貸資產證券化管理系統V2.0)	2015SR142801	PRC	May 08, 2015	July 24, 2015	December 31, 2065
36.	Chongho Bridge Group Limited	Credit tracking mobile client (Android version) system V1.6 (信貸追蹤手機客戶端(安卓版)系統V1.6)	2015SR142231	PRC	May 23, 2015	July 24, 2015	December 31, 2065
37.	Chongho Bridge Group Limited	Chongho Bridge – microfinance tracking system V1.7.0.7 (中和農信–小額信貸追蹤系統V1.7.0.7)	2015SR142780	PRC	June 08, 2015	July 24, 2015	December 31, 2065
38.	Chongho (Beijing) Supply Chain Management Limited	Chongho Bridge project area management system V1.0 (中和農信項目區管理系統V1.0)	2023SR1269002	PRC	Unpublished	October 20, 2023	N/A
39.	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	Hometown classroom category management system V1.0 (家鄉課堂類目管理系統V1.0)	2022SR1488889	PRC	September 25, 2022	November 10, 2022	December 31, 2072
40.	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	Hometown classroom expert management system V1.0 (家鄉課堂專家管理系統V1.0)	2022SR1488890	PRC	April 1, 2022	November 10, 2022	December 31, 2072
41.	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	Hometown classroom problem consultation system V1.0 (家鄉課堂問題諮詢系統V1.0)	2022SR1488888	PRC	July 1, 2022	November 10, 2022	December 31, 2072

(d) Patents

As of the Latest Practicable Date, we have registered the following patents which are material to our business:

No.	Title of Patent	Registered owner	Application no.	Application date	Publication date	Expiry date
1.	Display screen panel with graphical user interface for information detail operation (帶信息詳情操作圖形用戶界面的顯示屏幕面板)	Chongho Bridge Group Limited	ZL202230737267.4	November 04, 2022	May 05, 2023	November 03, 2037
2.	Display screen panel with graphical user interface for information detail editing (帶信息詳情編輯圖形用戶界面的顯示屏幕面板)	Chongho Bridge Group Limited	ZL202230736585.9	November 04, 2022	May 05, 2023	November 03, 2037
3.	Display screen panel with graphical user interface for specification parameter setting (帶規格參數設置圖形用戶界面的顯示屏幕面板)	Chongho Bridge Group Limited	ZL202230737269.3	November 04, 2022	June 16, 2023	November 03, 2037
4.	Doll (mascot Xiangzai) (玩偶(吉祥物鄉仔))	Chongho Bridge Group Limited	ZL202230249520.1	April 28, 2022	November 29, 2022	April 27, 2037
5.	Doll (Niuniu in the year of the tiger) (公仔(虎年牛牛))	Chongho Bridge Group Limited	ZL202230239949.2	April 26, 2022	April 26, 2022	April 25, 2037
6.	Doll (Niuniu and Niuniu) (玩偶(牛牛和妞妞))	Chongho Bridge Group Limited	ZL201830587798.3	October 22, 2018	May 21, 2019	October 21, 2033
7.	Display screen panel with graphical user interface for land custody operation (帶土地託管操作圖形用戶界面的顯示屏幕面板)	Chongho (Beijing) Agricultural Technology Limited	ZL202230736629.8	November 04, 2022	May 05, 2023	November 03, 2037
8.	Display screen panel with graphical user interface for agricultural service plots (帶農業服務地塊圖形用戶界面的顯示屏幕面板)	Chongho (Beijing) Agricultural Technology Limited	ZL202230736628.3	November 04, 2022	May 05, 2023	November 03, 2037

No.	Title of Patent	Registered owner	Application no.	Application date	Publication date	Expiry date
9.	Display screen panel with graphical user interface for planting order operation (帶種植下單操作圖形用戶界面的顯示屏幕面板)	Chongho (Beijing) Agricultural Technology Limited	ZL202230461183.2	July 19, 2022	January 13, 2023	July 18, 2037
10.	Display screen panel with graphical user interface for land planting usage (帶土地種植使用圖形用戶界面的顯示屏幕面板)	Chongho (Beijing) Agricultural Technology Limited	ZL202230461180.9	July 19, 2022	January 13, 2023	July 18, 2037
11.	A device for discharging organic fertilizer after fermentation (一種有機肥料發酵後出料裝置)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202321584651.0	June 21, 2023	January 16, 2024	June 20, 2038
12.	A raw material flushing and deodorization device (一種原料沖洗除臭裝置)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202321671246.2	June 29, 2023	January 02, 2024	June 28, 2038
13.	A bioorganic fertilizer biomass fermentation device (一種生物有機肥料沼液發酵裝置)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202321534462.2	June 14, 2023	January 02, 2024	June 13, 2038
14.	A spiral extrusion dewatering machine (一種螺旋擠壓脱水機)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202321233871.9	May 22, 2023	October 24, 2023	May 21, 2038
15.	A slot type flipping machine (一種槽式翻拋機)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202321331982.3	May 30, 2023	October 10, 2023	May 29, 2038
16.	An organic fertilizer fermentation tank with a flipping mechanism (一種具有翻轉機構的有機肥料發酵池)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202321026852.9	May 04, 2023	October 10, 2023	May 03, 2038

No.	Title of Patent	Registered owner	Application no.	Application date	Publication date	Expiry date
17.	An aerobic bacterial breeding silo (一種好氧細菌繁殖料倉)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202320903334.4	April 21, 2023	September 29, 2023	April 20, 2038
18.	A watering and fertilization device for crop cultivation (一種農作物種植用澆水施肥裝置)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202122689041.4	November 05, 2021	May 27, 2022	November 04, 2036
19.	A fast dewatering equipment for fertilizer production (一種化肥生產快速脱水設備)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202122726471.9	November 09, 2021	May 13, 2022	November 08, 2036
20.	Efficient and stable remediation methods for heavy metal contaminated soil (針對重金屬污染土壤的高效穩定化修復方法)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN201910283223.6	April 10, 2019	October 22, 2021	April 09, 2034
21.	Preparation process of biotype soil conditioner to reduce soil acidity (降低土壤酸性的生物型土壤調理劑的製備工藝)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202010227956.0	March 28, 2019	June 04, 2021	March 27, 2034
22.	A new type of water and fertilizer configuration device for agricultural planting (一種新型農業種植用水肥配置裝置)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN202020778132.8	May 12, 2020	February 09, 2021	May 11, 2035
23.	A new type of environmental soil conditioner raw material screening mechanism (一種新型環保土壤調理劑的原料篩分機構)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN201922217891.7	December 12, 2019	December 29, 2020	December 11, 2034
24.	A quantitative filling device for water-soluble liquid fertilizers (一種水溶性液體肥料定量式灌裝裝置)	Deyang Jiehua Agricultural Science and Technology Research Co., Ltd.	CN201922013393.0	November 20, 2019	September 08, 2020	November 29, 2034

As of the Latest Practicable Date, we have applied for the registration of the following patents which are material to our business:

No.	Title of Patent	Registered owner	Application no.	Application date	Publication date
1.	Burial point detection methods, devices, servers, and storage media (埋點檢測方法、裝置、服務器及存儲介質)	Chongho Bridge Group Limited	ZL202211398038.X	November 09, 2022	March 07, 2023
2.	Sparse matrix modeling methods, devices, computer equipments, and media (稀疏矩陣建模方法、裝置、計算機設備及介質)	Chongho Bridge Group Limited	ZL202210428082.4	April 22, 2022	July 29, 2022
3.	A credit repayment method, system, device, and storage medium (一種信貸還款方法、系統、設備和存儲介質)	Chongho Bridge Group Limited	ZL202210373788.5	April 11, 2022	July 29, 2022
4.	A method, device, electronic device, and storage medium for expanding and shrinking business systems capacity (一種業務系統擴縮容的方法、裝置、電子設備和存儲介質)	Chongho Bridge Group Limited	ZL202210377725.7	April 11, 2022	July 12, 2022
5.	Abnormal data monitoring methods, devices, computer equipment, and media (異常數據監測方法、裝置、計算機設備及介質)	Chongho Bridge Group Limited	ZL202210269457.7	March 18, 2022	August 02, 2022
6.	Anti-cheating methods, devices, terminal devices, and storage media for financial investigation (金融調查防作弊方法、裝置、終端設備及存儲介質)	Chongho Bridge Group Limited	ZL202210142974.8	February 16, 2022	June 17, 2022

No.	Title of Patent	Registered owner	Application no.	Application date	Publication date
7.	A feature filling method, device, computing device, and medium (一種特徵填充方法、裝置、計算設備及介質)	Chongho Bridge Group Limited	ZL202210048331.7	January 17, 2022	May 13, 2022
8.	Significant label generation methods, devices, and storage media (顯著標籤生成方法、設備及存儲介質)	Chongho Bridge Group Limited	ZL202111679757.4	December 31, 2021	May 03, 2022
9.	Risk label processing methods, devices, risk control methods, equipment, and storage media (風險標籤處理方法、裝置、風控方法、設備及存儲介質)	Chongho Bridge Group Limited	ZL202111668941.9	December 30, 2021	May 03, 2022
10.	Online model updating methods, devices, equipments, storage media, and computer products (模型在線更新方法、裝置、設備、存儲介質和計算機產品)	Chongho Bridge Group Limited	ZL202111668986.6	December 30, 2021	May 03, 2022
11.	Full link grayscale publishing methods, devices, microservices, gateways, and media (全鏈路灰度發佈方法、裝置、微服務、網關及介質)	Chongho Bridge Group Limited	ZL202111661910.0	December 30, 2021	May 03, 2022
12.	Agricultural planting service push methods, systems, electronic devices, and storage media (農業種植服務推送方法、系統、電子設備和存儲介質)	Chongho (Beijing) Agricultural Technology Limited	ZL202210993728.3	August 18, 2022	December 02, 2022

No.	Title of Patent	Registered owner	Application no.	Application date	Publication date
13.	An agricultural plot information display method, device, terminal equipment, and medium (一種農業地塊信息的顯示方法、裝置、終端設備及介質)	Chongho (Beijing) Agricultural Technology Limited	ZL202210846026.2	July 19, 2022	November 11, 2022
14.	Agricultural data statistical methods, devices, equipment, and storage media (農業數據統計方法、裝置、設備及存儲介質)	Chongho (Beijing) Agricultural Technology Limited	ZL202210753599.0	June 29, 2022	October 11, 2022
15.	An organic liquid silicon potassium fertilizer and its preparation method (一種有機液體硅鉀肥及其製備方法)	Chengdu Tianjie Organic Agricultural Development Co., Ltd.	CN201711381855.3	December 20, 2017	April 20, 2018

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, designs, intellectual or industrial property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of the Directors and the Chief Executive of Our Company

Immediately following the completion of the [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], the interests or short positions of the Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests 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 in that section, 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 Stock Exchange, once the Shares are [**REDACTED**], will be as follows:

(i) Interest in our Company

		Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised)	
Name of Director	**Nature of interest**	**Number of Shares held(2)**	**Approximate percentage of shareholding interest(1)**
Dr. Liu Dongwen(3)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Ms. Li Zhen(4)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan).

(2) All interests stated are long positions.

(3) The interest comprises (i) [**REDACTED**] underlying Shares in respect of the Pre-[**REDACTED**] Share Options granted to Dr. Liu Dongwen under the 2020 Equity Incentive Plan; and (ii) [**REDACTED**] Shares held by Care Believe Limited, which is a wholly-owned subsidiary of Hangzhou Xinlin Enterprise Management L.P.* (杭州信霖企業管理合夥企業(有限合夥), "**Hangzhou Xinlin**"). As at the date of this Document, the limited partners of Hangzhou Xinlin were Beijing Hecai Enterprise Management L.P.* (北京和採企業管理合夥企業(有限合夥)), Beijing Hehao Enterprise Management L.P.* (北京和灝企業管理合夥企業(有限合夥)), Beijing Hejie Enterprise Management L.P.* (北京和傑企業管理合夥企業(有限合夥)) and Beijing Hepai Enterprise Management L.P.* (北京和湃企業管理合夥企業(有限合夥)), which held 37.14%, 26.71%, 20.83% and 15.31% in Hangzhou Xinlin respectively (collectively the "**Hangzhou Xinlin Holders**"). The general partner of each of the Hangzhou Xinlin Holders is Beijing Tiaoxin Consulting Service Co., Ltd.* (北京絛心諮詢服務有限公司, "**Beijing Tiaoxin**"), which is in turn wholly owned by Dr. Liu Dongwen. Beijing Tiaoxin is interested in 3.66%, 6.36%, 0.02% and 0.02% interest in Beijing Hecai, Beijing Hehao, Beijing Hejie and Beijing Hepai as a general partner respectively.

(4) The interest comprises [**REDACTED**] underlying Shares in respect of the Pre-[**REDACTED**] Share Options granted to Ms. Li Zhen under the 2020 Equity Incentive Plan.

(ii) Interest in our associated corporation

Name of Director	Nature of interest	Name of the associated corporation/subsidiary	Approximate percentage of shareholding interest
Dr. Liu Dongwen(1)	Interest in controlled corporation	Beijing Xiangzhu	30%
Ms. Li Zhen(1)	Interest in controlled corporation	Beijing Xiangzhu	70%

(1) Beijing Xiangzhu is a Consolidated Affiliated Entity where Dr. Liu Dongwen and Ms. Li Zhen are the registered shareholders of Beijing Xiangzhu. We have adopted the Contractual Arrangements to exercise and maintain control over the operations of the Consolidated Affiliated Entities, obtain their entire economic benefits and prevent leakage of the assets and value of the Consolidated Affiliated Entities to its shareholders in the PRC. For further details on the Contractual Arrangements, please see the section headed "Contractual Arrangements" in this document.

(b) Interests of the Substantial Shareholders

Save as disclosed in "Substantial Shareholders", immediately following the completion of the [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, 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 any other member of the Company.

2. Directors' Service Contracts and Letters of Appointment

Each of our executive Directors [has entered] into a service contract with our Company on [●], 2024 and we have issued letters of appointment to each of our non-executive Directors and each of our independent non-executive Directors. The service contracts with each of our executive Directors and the letters of appointment with each of our non-executive Directors are for an initial fixed term of three years commencing from [●], 2024. The letters of appointment with each of our independent non-executive Directors are for an initial fixed term of three years. 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 above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

The aggregate remuneration (including fees, salaries, discretionary bonuses, allowances, benefits in kind, and contributions to pension schemes) paid to the Directors for the years ended December 31, 2021, 2022 and the nine months ended September 30, 2023 were RMB6.2 million, RMB4.8 million and RMB5.4 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the years ended December 31, 2021, 2022 and the nine months ended September 30, 2023, by any of member of the Group to any of the Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of the Directors for the year ending December 31, 2024 to be approximately RMB3.8 million.

4. Directors' Competing Interests

Save as otherwise disclosed in this document, none of our Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

5. Disclaimers

Save as disclosed in this document:

(a) none of the Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken 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 in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are [**REDACTED**] on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, 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 any other member of the Group;

(c) none of the Directors nor any of the persons listed in "—E. Other Information—5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(d) none of the Directors nor any of the persons listed in "—E. Other Information—5. Qualification of Experts" below is materially interested in any contract or arrangement with the Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of the Group as a whole;

(e) save in connection with [**REDACTED**], none of the persons listed in "—E. Other Information—5. Qualification of Experts" below has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(f) none of the Directors has entered or has proposed to enter into any service agreements with our Company or any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) none of our Directors, their respective close associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers.

D. SHARE INCENTIVE SCHEMES

1. 2020 Equity Incentive Plan

The following is a summary of the principal terms of the 2020 Equity Incentive Plan approved and adopted by our Board on August 30, 2020. The 2020 Equity Incentive Plan is not subject to the provisions of Chapter 17 of the Listing Rules as no further options will be granted after the [**REDACTED**] under the 2020 Equity Incentive Plan. The following is a summary of the principal terms of the 2020 Equity Incentive Plan.

(a) Summary of terms

(a) Purpose

The purpose of the 2020 Equity Incentive Plan is to advance the interests of the Company by providing for the grant to the eligible participants of the Equity Awards (as defined below).

(b) Eligible Participants

Any of the following persons shall be eligible to participate in the 2020 Equity Incentive Plan as selected from time to time by the Administrator (as defined below):

1. any person employed by our Company or our affiliates;

2. any director of our Company or any of its subsidiaries; or

3. any person, including an advisor and a consultant, who is (i) engaged by our Company or our affiliates to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of our affiliates and is compensated for such services.

In respect of share options granted to connected persons of our Company, the exercise of such share options by connected persons may constitute connected transactions of our Company under Chapter 14A of the Listing Rules. Our Company will comply with the applicable requirements under Chapter 14A and other applicable rules of the Listing Rules.

(c) Types of Awards

The 2020 Equity Incentive Plan provides for the grant of pre-[**REDACTED**] incentive share options (the "**Pre-[REDACTED] Share Options**") and restricted shares awards (the "**Pre-[REDACTED] RSU Awards**", together with Pre-[**REDACTED**] Share Options, referred to as "**Equity Awards**").

(d) Duration

The 2020 Equity Incentive Plan may be suspended or terminated by the Board at any time. Unless terminated sooner by the Board, the 2020 Equity Incentive Plan will automatically terminate (i) on the [**REDACTED**] or (ii) on the tenth anniversary of the date the 2020 Equity Incentive Plan is adopted by the Board (whichever is earliest). No Equity Awards may be granted under the 2020 Equity Incentive Plan while after it is terminated.

(e) Administration

The 2020 Equity Incentive Plan shall be administered by the Board unless and until the Board delegates the administration to one or more members to administer the 2020 Equity Incentive Plan (the "**Administrator**") in accordance with the rules of the 2020 Equity Incentive Plan (the "**2020 Equity Incentive Plan Rules**"). The Board has the power to construe and interpret the 2020 Equity Incentive Plan Rules and the terms of the Equity Awards granted under it. The decision of the Board as to all matters relating to the 2020 Equity Incentive Plan or its interpretation or effect shall be final and binding on all parties.

(f) Maximum Number of Shares

Subject to capitalization adjustments, the aggregate number of Shares that may be issued pursuant to 2020 Equity Incentive Plan shall not exceed 70,239,303 Shares. Since the adoption of the 2020 Equity Incentive Plan and until the Latest Practicable Date, a total of 70,678,593 Pre-[**REDACTED**] Share Options were granted and 7,383,124 of such Pre-[**REDACTED**] Share Options were forfeited or adjusted. As at the Latest Practicable Date, Pre-[**REDACTED**] Share Options granted to 149 Grantees to subscribe for 63,295,469 Shares remained outstanding (taking into account such pre-[**REDACTED**] Share Options that have been forfeited or adjusted). The Company confirms that no further Equity Awards under the 2020 Equity Incentive Plan will be granted.

(g) Exercise Price

The exercise price of each Pre-[**REDACTED**] Share Option shall be determined by the Administrator and as set forth in a grant agreement. The exercise price of each Pre-[**REDACTED**] Share Option may be amended or adjusted in the absolute discretion of the Administrator in accordance with the 2020 Equity Incentive Plan Rules.

(h) Expiration of the grant

No Equity Awards shall be exercisable after the expiration of ten years from the date of its grant or such shorter period specified in a grant agreement.

(i) Vesting

The Administrator may determine the time period and conditions upon which the Equity Awards vest. Such vesting may be based on service with the Company or its affiliates or any other criteria selected by the Administrator. At any time after grant of the Equity Awards, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the vesting of such Equity Awards.

(j) Capitalization Adjustment

In the event of a Capitalization Adjustment, the Administrator will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the 2020 Equity Incentive Plan; and (ii) the class(es) and number of securities subject to outstanding or subsequently granted Equity Awards. The Administrator may also make adjustments of the type described in (i) and (ii) above to take into account distributions to shareholders of the Company other than those provided for in (i) and (ii), or any other event, if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the 2020 Equity Incentive Plan. The Administrator shall make such adjustments, and its determination shall be final, binding and conclusive. For the above purpose, a "Capitalization Adjustment" means any change that is made in, or other events that occur with respect to, the Shares subject to the 2020 Equity Incentive Plan or subject to any Equity Award after the effective date without the receipt of consideration by the Company (through share dividend, share spilt or combination of shares (including a reverse share split), recapitalization, or other change in the share capital structure of the Company). Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a Capitalization Adjustment.

(k) Restrictions on Transfer

No Equity Awards may be transferred other than by will or by the laws of succession. Notwithstanding the foregoing, the Administrator may, in its sole discretion, impose such limitations on the transferability of the Equity Awards as the Administrator will determine, or demand the eligible participant to transfer all Equity Awards to one or more entities designated by the Administrator for the purpose of holding the Equity Awards.

Outstanding Pre-[**REDACTED**] Share Options

As of the Latest Practicable Date, Pre-[**REDACTED**] Share Options to subscribe for an aggregate 63,295,469 Shares, representing approximately [**REDACTED**]% of our Shares in issue immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan), have been granted and are outstanding (taking into account such Pre-[**REDACTED**] Share Options that were forfeited or adjusted) under the 2020 Equity Incentive Plan, and no restricted shares have been granted under the 2020 Equity Incentive Plan. As of the Latest Practicable Date, none of the Pre-[**REDACTED**] Share Options granted under the 2020 Equity Incentive Plan has been exercised.

We have applied for, and have been granted (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules and (ii) an exemption from the SFC from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the information of the Pre-[**REDACTED**] Share Options granted under the 2020 Equity Incentive Plan. For further details, please refer to the section headed "Waivers from Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver and Exemption in relation to the 2020 Equity Incentive Plan" in this document.

The Pre-[**REDACTED**] Share Options have been granted based on the performance, tenure and working hours of the grantees who have made important contributions to and are important to the long-term growth and success of our Group. As of the Latest Practicable Date, the grantees under the 2020 Equity Incentive Plan include two directors of the Company who have been granted options to subscribe for [**REDACTED**] Shares, three other connected persons of the Company who are directors/chief executive of our subsidiaries that have been granted options to subscribe for [**REDACTED**] Shares and 144 other participants who have been granted options to subscribe for 44,900,865 Shares. Details of the Pre-[**REDACTED**] Share Options granted under the 2020 Equity Incentive Plan as of the Latest Practicable Date are set out below:

Name of grantees of Pre-[REDACTED] Share Options	Position held with our Group	Address	Date of Grant	Exercise price	Vesting period	Total number of Shares underlying the outstanding Pre-[REDACTED] Share Options	Approximate percentage of shareholding immediately following the completion of the [REDACTED](1)
				(US$ per Share)			
Directors of our Company							
Dr. Liu Dongwen (劉冬文)	Executive Director and chief executive officer	No. 301, Unit 1, Building 12, Xiju Xinyuan South Area, Fengtai District, Beijing, PRC	August 31, 2020	[REDACTED]	August 31, 2020	[REDACTED]	[REDACTED]
			August 31, 2020	[REDACTED]	August 31, 2020 to June 30, 2026(2)	[REDACTED]	[REDACTED]
			June 30, 2023	[REDACTED]	June 30, 2023	[REDACTED]	[REDACTED]
						[REDACTED]	[REDACTED]
Ms. Li Zhen (李真)	Executive Director, chief financial officer and a joint company secretary	No. 801, Unit 2, Building 3, No. 68, Shuangying West Road, Nanshao Town, Changping District, Beijing, PRC	August 31, 2020	[REDACTED]	August 31, 2020	[REDACTED]	[REDACTED]
			August 31, 2020	[REDACTED]	August 31, 2020 to June 30, 2026(2)	[REDACTED]	[REDACTED]
			June 30, 2023	[REDACTED]	June 30, 2023	[REDACTED]	[REDACTED]
						[REDACTED]	[REDACTED]
Subtotal	**2 grantees**					[REDACTED]	[REDACTED]

Name of grantees of Pre-[REDACTED] Share Options	Position held with our Group	Address	Date of Grant	Exercise price (US$ per Share)	Vesting period	Total number of Shares underlying the outstanding Pre-[REDACTED] Share Options	Approximate percentage of shareholding immediately following the completion of the [REDACTED](1)
Directors or chief executive of our subsidiaries							
Mr. Dou Huamao (竇華茂)	Director of subsidiary	No. 501, Unit 2, Building 4, Poly Lily Garden, Liuliqiao, Fengtai District, Beijing, PRC	August 31, 2020	[REDACTED]	August 31, 2020	[REDACTED]	[REDACTED]
			August 31, 2020	[REDACTED]	August 31, 2020 to June 30, 2026(2)	[REDACTED]	[REDACTED]
			June 30, 2023	[REDACTED]	June 30, 2023	[REDACTED]	[REDACTED]
						[REDACTED]	[REDACTED]
Ms. Bai Xuemei (白雪梅)	Director of subsidiary	No. 106, Building 4, Kangleli, Xicheng District, Beijing, PRC	August 31, 2020	[REDACTED]	August 31, 2020 to June 30, 2026(2)	[REDACTED]	[REDACTED]
			June 30, 2023	[REDACTED]	June 30, 2024 to June 30, 2027(2)	[REDACTED]	[REDACTED]
						[REDACTED]	[REDACTED]
Ms. Sun Yaqing (孫亞青)	Director of subsidiary	Unit 608, Building 3, Wangtao Park, Yongdingmen Street, Dongcheng District, Beijing, PRC	August 31, 2020	[REDACTED]	August 31, 2020 to June 30, 2026(2)	[REDACTED]	[REDACTED]
			June 30, 2023	[REDACTED]	June 30, 2024 to June 30, 2027(2)	[REDACTED]	[REDACTED]
						[REDACTED]	[REDACTED]
Subtotal	**3 grantees**					[REDACTED]	[REDACTED]
TOTAL OF ALL GRANTEES THAT ARE CONNECTED PERSONS OF THE COMPANY						[REDACTED]	[REDACTED]

Notes:

(1) Approximate percentage of shareholding is calculated as the number of Shares subject to the Pre-[**REDACTED**] Share Options granted to a grantee and divided by the total number of Shares in issue immediately upon completion of the [**REDACTED**], but assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan.

(2) Being the 1st to 4th anniversary from the date(s) of confirmation of satisfaction of the grant condition.

The below table shows the details of the outstanding options granted to the remaining 144 grantees, who are not Directors or other connected persons of our Company, under the 2020 Equity Incentive Plan as of the Latest Practicable Date:

Range of Shares underlying the outstanding options under the Pre-[REDACTED] Share Options	Total number of grantees	Date of Grant	Exercise price (US$ per Share)	Vesting period	Total number of Shares underlying the outstanding Pre-[REDACTED] Share Options	Approximate percentage of shareholding immediately following the completion of the [REDACTED][1]
0 to 200,000	67	August 31, 2020 to June 30, 2023	[REDACTED]	1st to 4th anniversary from the date(s) of confirmation of satisfaction of the grant condition	6,644,777	[REDACTED]
200,000 to 1,000,000	72	August 31, 2020 to June 30, 2023	[REDACTED]	1st to 4th anniversary from the date(s) of confirmation of satisfaction of the grant condition	27,255,444	[REDACTED]
Over 1,000,000	5	August 31, 2020 to June 30, 2023	[REDACTED]	1st to 4th anniversary from the date(s) of confirmation of satisfaction of the grant condition	8,233,844	[REDACTED]
			[REDACTED]	the date of grant	2,766,800	[REDACTED]
TOTAL OF OTHER GRANTEES	144 grantees				44,900,865	[REDACTED]

Notes:

(1) Approximate percentage of shareholding is calculated as the number of Shares subject to the Pre-[**REDACTED**] Share Options granted to a grantee and divided by the total number of Shares in issue immediately upon completion of the [**REDACTED**], but assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan.

Assuming full vesting and exercise of all outstanding options granted under the 2020 Share Incentive Plan, the shareholding of our Shareholders immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the 2020 Equity Incentive Plan) will be diluted by approximately [**REDACTED**]%. The dilution effect on our earnings per Share based on the adjusted profit attributable to shareholders of the Company as at September 30, 2023 would be approximately [**REDACTED**]%.

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in "Business—Compliance and Proceedings", no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the [**REDACTED**] for the [**REDACTED**] of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the [**REDACTED**] (including the additional Shares which may be issued pursuant to the exercise of the [**REDACTED**] and any Shares to be issued under the 2020 Equity Incentive Plan). All necessary arrangements have been made to enable such Shares to be admitted into [**REDACTED**].

China World Investment Limited ("**CWI**"), an indirect wholly-owned subsidiary of China International Capital Corporation Limited and therefore a close associate of the controlling shareholder of the Sole Sponsor, is regarded as a member of the sponsor group of the Sole Sponsor as defined under Rule 3A.01(9) of the Listing Rules. As set out in the section headed "History, Reorganization and Corporate Structure", as of the Latest Practicable Date, CWI held approximately 2.21% (i.e. below 5% threshold set out in Rule 3A.07(1) of the Listing Rules) of the total issued share capital of our Company. Accordingly, such holding does not affect the independence of the Sole Sponsor which satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

In light of the above, the Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Please refer to "[**REDACTED**]—Independence of the Sole Sponsor".

The fee payable to the Sole Sponsor for acting as our sponsor in connection with the [**REDACTED**] is US$500,000 and is payable by our Company.

4. No Material Adverse Change

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since September 30, 2023 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

5. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Fangda Partners	Legal advisers to the Company as to PRC laws
Harney Westwood & Riegels	Legal advisers to the Company as to Cayman Islands laws
Frost & Sullivan International Limited	Industry consultant

6. Consents of Experts

Each of the experts as referred to in "—E. Other Information—5. Qualification of Experts" above in this document has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests 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.

7. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

8. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

9. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, 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 insofar as applicable.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

If there is any inconsistency between this document and its Chinese translation, this document shall prevail, provided that if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this document and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities or enterprises marked with "*" are provided for identification purposes only.

11. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;

(iv) no commission has been paid or payable (except commission to [**REDACTED**]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(vi) our Company has no outstanding convertible debt securities or debentures; and

(vii) there is no arrangement under which future dividends are waived or agreed to be waived.

(b) Our Directors confirm that there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document.

(c) None of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) a copy of each of the material contracts referred to in the section headed "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix IV to this document; and

(b) the written consents referred to in the section headed "Statutory and General Information—E. Other Information—6. Consents of Experts" in Appendix IV to this document.

2. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **https://www.chongho.net** up to and including the date which is 14 days from the date of this document:

(a) the Memorandum and Articles of Association of our Company;

(b) the Accountants' Report of our Group for the years ended December 31, 2021 and 2022, and the nine months ended September 30, 2023 from KPMG, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of the Group for the years ended December 31, 2021 and 2022 and the reviewed consolidated financial statements of the Group for the nine months ended September 30, 2023;

(d) the report on the unaudited [**REDACTED**] financial information of our Group from KPMG, the text of which is set out in Appendix II to this document;

(e) the letter of advice prepared by Harney Westwood & Riegels, our Cayman Islands legal adviser, summarizing the constitution of our Company and certain aspects of the Cayman Companies Act referred to in Appendix III to this document;

(f) the PRC legal opinions issued by Fangda Partners, our PRC Legal Adviser, in respect of certain aspects of the Group and the property interests in the PRC of our Group;

(g) the industry report issued by Frost & Sullivan;

(h) the material contracts referred to in the section headed "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix IV to this document;

(i) the written consents referred to in the section headed "Statutory and General Information—E. Other Information—6. Consents of Experts" in Appendix IV to this document;

(j) the service contracts and letters of appointment referred to in the section headed "Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—2. Directors' Service Contracts and Letters of Appointment" in Appendix IV to this document;

(k) the term of the 2020 Equity Incentive Plan; and

(l) the Cayman Companies Act.