Application Proof of

Yusys Technologies Co., Ltd.
北京宇信科技集團股份有限公司

(the "**Company**")

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

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Securities and Futures Commission (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

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IMPORTANT

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Yusys Technologies Co., Ltd.
北京宇信科技集團股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED]**
(in no particular order)

HUATAI INTERNATIONAL 华泰国际   BNP PARIBAS

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The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below that is stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. See "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" for further details.

The obligations of the **[REDACTED]** under the **[REDACTED]** are subject to termination by the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) if certain grounds arise prior to 8:00 a.m. on the **[REDACTED]**. See "**[REDACTED]**" for further details.

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may only be **[REDACTED]**, sold or delivered outside the United States in an offshore transaction in reliance on Regulation S.

[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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IMPORTANT NOTICE TO PROSPECTIVE [REDACTED]

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CONTENTS

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

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

OUR MISSION

To lead in financial technology innovation, build a fintech ecosystem, and empower the digital and intelligent development of the financial industry with our professional capabilities.

OUR VISION

Empowering finance through technology, building a long-lasting legendary brand.

OUR GROUP

We are a PRC leading fintech solution provider in domestic and overseas market, providing full-stack product-oriented technology solutions to a wide spectrum of financial institutions.

Business Highlights

1

Market Share in Banking Fintech Solution among Listed PRC Companies (2022 – 2024)

1

Market Share in Customer Relationship Solution among Listed PRC Companies (2023)

1

Market Share in Business Intelligence Solution among Listed PRC Companies (2023)

1

Market Share in Management and Regulation IT Solution among Listed PRC Companies (2023)

1

Market Share in Online Banking Solution (2023)

1

Market Share in Internet Lending Solution (2023)

1

Market Share in Credit Management System Solution (2023)

1

Market Share in Regulatory Reporting Solution (2023)

- According to the CIC Report, in terms of revenue, we ranked *first position* and *top market share* among listed PRC companies in banking fintech solution market for three consecutive years during the Track Record Period.

- According to the CCID Report, we ranked *first position* in customer relationship management solution market among listed PRC companies in 2023, with a market share of 12.0%.

- According to the CCID Report, we ranked *first position* in the business intelligence solution market among listed PRC companies in 2023, with a market share of approximately 10.0%.

- According to the CCID Report, we ranked *first position* among listed PRC companies in management and regulatory IT solution market in 2023, with a market share of 7.9%.

- According to the CCID Report, we ranked *first position* in the online banking solution market in 2023, with a top market share of 35.7%.

- According to the CCID Report, we ranked *first position* in the Internet lending solution market in 2023, with a top market share of 21.7%.

- According to the CCID Report, we ranked *first position* in the credit management system solution market in 2023, with a top market share of approximately 14.7%.

- According to the CCID Report, we ranked *first position* in the regulatory reporting solution market in 2023, with a top market share of 13.9%.

In addition, according to the CIC Report, in terms of customer number accumulatively served, we ranked *first position* among listed PRC banking fintech companies, with more than 1000 customers accumulatively served during the Track Record Period.

Business Model

During the Track Record Period, we focus on three key business areas, namely, technology solutions for banks, technology solutions for non-bank institutions, and innovative operation services. Our bank and non-bank technology solutions comprehend credit business, digital banking business, financial regulatory business, data business and intelligence finance business; and we developed innovative operation services featuring with ecological cooperation and partnerships.

Technology Solutions for Bank and Non-Bank Institutions

- ***Credit Business:*** Our credit business primarily covers multiple fields such as corporate credit, retail credit, comprehensive credit, investment service, unified credit granting and credit portal, ranging from the full-cycle of pre-loan assessment, in-process loan approval and post-loan management. In addition, our credit smart assistant powered by the emerging *large-scale model* technology has shown remarkable performance improvement and achieved significant implementation results.

- ***Digital Banking Business:*** Our digital banking business shift from tech-enabled operations to business-enabled operations, and form a *customer-oriented* product family that connects employees, businesses, and customers, which includes enterprise-level business middle-end, retail customer management system, corporate customer management system, and intelligent borderless banking system.

- ***Financial Regulatory Business:*** Our financial regulatory business assists regulatory reporting to the supervising authorities for financial institutions. We developed a series of regulatory compliance products including EAST 5.0, deposit insurance, and inter-corporate connectivity. Also, we substantively upgraded our detailed-data verification engine to become more versatile for detailed-data reporting checks. In addition, we developed the next-generation unified regulatory platform that has been effectively applied in multiple projects. Furthermore, we introduce AI into the reporting process, which effectively improves the centralized delivery efficiency.

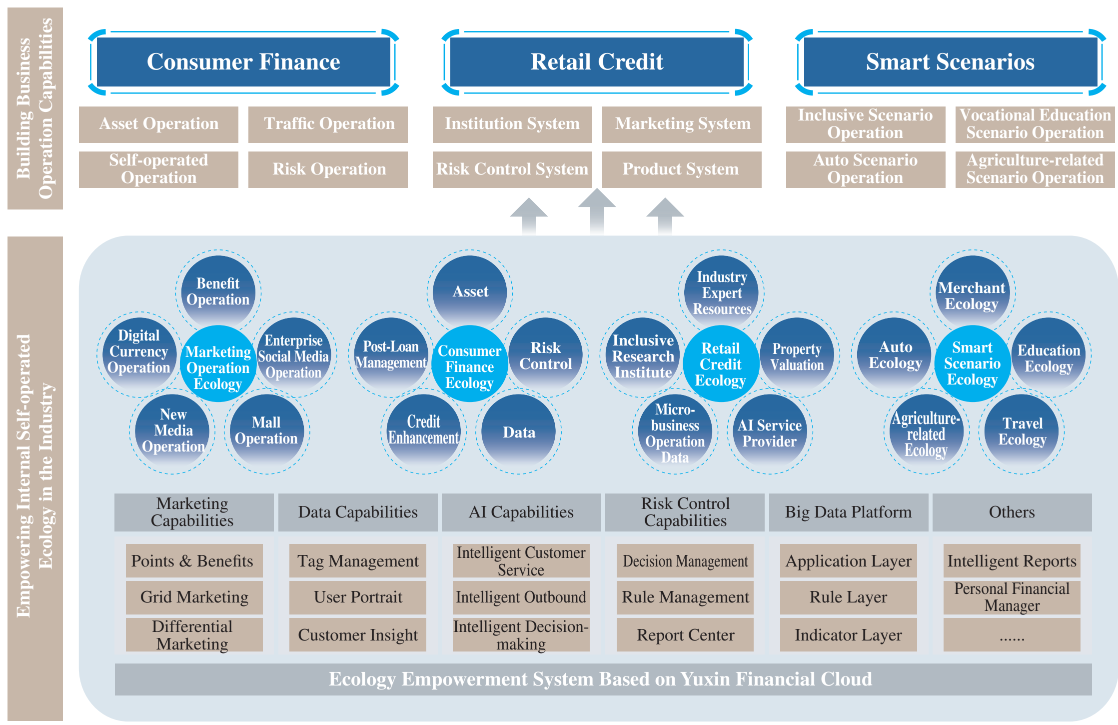
- ***Data Business:*** The core business model for our data business centering on *planning + information-created transformation + data governance + data assets + business analysis + data operation*. We offer customers a full-component experience with *StarGaze* for digital-intelligent foundations, *Star* for digital scenario operation, and *StarLink* for data-element operation services. We introduce a digital-transformation plan for our customers from a *penetrative management* perspective, which was successfully implemented in multiple digital-management workstation platforms, offering *strategic, ecological, and capability penetration* services.

- ***Intelligent Finance Business:*** We designed a comprehensive service platform based on the next-generation remote banking concept, integrating services, sales and operations. Additionally, vertical applications combining AI technology were carried out in remote banking, intelligent outbound calling, and mobile workstations, which are capable to identify and strengthen the practical business scenarios for our customers, and therefore gradually forming a new-generation intelligent channel solution with *large-model* technology as the breakthrough. In mid- and back- office core business sectors, the information technology application innovation of systems like the unified payment platform also advanced steadily. We also completed the R&D of branch channel products for overseas markets and commenced promotion with overseas partners.

Innovative Operation Services

Our innovative operation services run on a dual-track model of ecosystem platform empowerment and joint operation empowerment, with three capabilities progressing in parallel, namely, digital marketing, digital retail lending, and digital inclusive finance. This model offers a one-stop operational service system for the digital-retail-oriented operation of small- and medium- sized financial institutions. With the deepening digital transformation of financial business, we have built an innovative operation business matrix covering the entire life-cycle management of retail lending and intelligent disposal of special assets, establishing a dual-engine development mode encompasses technology foundation and operation middle-end. See "Business — Our Solutions — Innovative Operation Services."

The diagram below illustrates our innovative operation services provided to our customers:



OUR STRENGTHS

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

- Leading position as a fintech solution provider in China
- Comprehensive experience in fintech solution market and extensive customer base
- Full-stack products and services portfolio covering the full-cycle of financial ecosystem
- Strategic positioning in high-value AI application with a focus on adaption capability and ecosystem cultivation
- Innovative operation capabilities to advance value-sharing cooperation
- Broad market opportunities from international expansion and localization
- Veteran management team and technology professionals with long-term accompaniment of industry evolvements

OUR STRATEGIES

We plan to implement the following strategies in our future business development:

- Deepen customer-centric business empowerment and model innovation
- Advance digital capabilities and accelerate international expansion
- Further R&D investment and drive innovation in financial technology applications
- Facilitate self-reliance and controllability strategy and deepen information technology application innovation
- Foster ecosystem integration and build a value-creating fintech network
- Continuously commit to develop high-performing talent team for sustainable growth

COMPETITIVE LANDSCAPE

Financial institutions in China and internationally increasingly expect end-to-end solutions that address the entire value chain, including core banking, credit management, channels and payment process, data management and applications, and regulatory reporting. As a result, fintech solution providers must demonstrate the ability to serve diverse and complex client needs, with proven experience in large-scale, high-concurrency environments and the flexibility to adapt offerings to local market and regulatory conditions. The sector's competitive drivers include ongoing technological innovation, expertise in stable and compliant implementation, and a track record of delivering results for a broad client base.

OUR CUSTOMERS AND SUPPLIERS

We have established significant coverage across a wide range of customers, with a penetration rate of 100% among China's central bank, policy banks, state-owned banks and joint-stock commercial banks.

Our top suppliers include, among others, (i) hardware providers, which provide hardware mainly for our integration business that provided to our clients for the information technology application innovation; and (ii) technology service providers, which provide us technology services and host our cloud-based infrastructure.

COMPLIANCE WITH LAWS AND REGULATIONS

Licences and Permits

Our PRC Legal Advisors are of the view that, as of the Latest Practicable Date, we had obtained all requisite licences, permits, approvals and certificates from the relevant government authorities that are material for our business operations. We renew all such permits and licenses from time to time to comply with the relevant laws and regulations. As of the

Latest Practicable Date, we were not aware of any facts that will prevent us from renewing permits or licenses material to our Group. Our PRC Legal Advisors are of the view that there is no legal impediment to renew such licences and permits, as long as we comply with the relevant legal requirements and provided that we take all necessary steps and submit the relevant applications in accordance with the requirements and schedule prescribed by the applicable laws and regulations of the PRC.

User Privacy and Data Protection

We are committed to protecting data privacy through comprehensive policies that govern data usage, classification, approval processes, and access to confidential information. We process the data of our clients only based on the entrusted processing agreement between us and them. We employ encryption, firewalls, and internal policies to secure data storage and transmission, preventing unauthorized access or misuse. Additionally, we adopt enhanced security measures, a data classification system, and a "need-to-know" access approach based on the importance and sensitivity of data to minimize human intervention, reducing risks of data leaks and privacy breaches. For further details on the measures we take to ensure user privacy and data protection, please see "Business — Compliance with Laws and Regulations — User Privacy and Data Protection".

RISK FACTORS

We believe there are certain risks and uncertainties involved in our business operations, some of which are beyond our control, including:

- We face risks and uncertainties regarding the evolving technology solution for financial institutions market, which impose a significant burden on the research and development and maintenance of our solutions.

- We operate in highly competitive markets and some market participants may have substantially greater resources. We compete with both established competitors and new market entrants.

- Exploring new business models and developing new products and solutions involves risks and challenges.

- We rely on our technical staff to maintain, improve and innovate our solutions, and any failure to retain our technical staff would materially and adversely affect our business and results of operations.

- The majority of our revenue is derived from bank customers, making us subject to changes in the regulatory landscape, market size, and other factors affecting the banking industry.

- During the Track Record Period, we derived a substantial amount of our revenue from certain customers, and any decrease or loss of business from them could materially and adversely affect our business, results of operations and financial condition.

- Our business depends substantially on the continuing efforts of our management and other key personnel, as well as a competent workforce that supports our existing operations and future growth. If we fail to attract, motivate and retain talents, our operations and growth prospects may be disrupted.

- The economic and social conditions in the PRC could affect our business, results of operations, financial conditions and prospects.

See "Risk Factors."

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Single Largest Group of Shareholders will hold approximately [**REDACTED**]% of the voting rights in our Company (excluding 13,818,156 A Shares which are held by our Company as treasury Shares). Accordingly, Mr. Hong and Yuqin Hongtai will remain as our Single Largest Group of Shareholders upon [**REDACTED**], and our Company will not have any controlling shareholder as defined under the Listing Rules.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from the Accountants' Report set out in Appendix I. The summary consolidated financial data set forth below should be read together with, the consolidated financial statements in this document, including the related notes, see "Financial Information". Our consolidated financial information was prepared in accordance with IFRS.

Summary of Consolidated Statements of Profit or Loss

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

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue	4,281,252	5,199,081	3,954,210
Cost of sales	(3,162,593)	(3,863,962)	(2,814,021)
Gross profit	**1,118,659**	**1,335,119**	**1,140,189**
Other income	47,768	33,482	49,783
Share of profits of associates	34,519	27,014	51,247
Share of losses of joint venture	(1,397)	(5,270)	(3,280)
Other (losses)/gains, net	(18,145)	309	(8,714)
Impairment losses	(18,510)	(26,526)	(14,602)
Selling expenses	(140,475)	(161,194)	(123,785)
General and administrative expenses	(258,920)	(324,499)	(319,147)
Research and development expenses	(500,096)	(568,269)	(429,993)
Operating profit	**263,403**	**310,166**	**341,698**
Finance income	12,540	26,761	50,549
Finance costs	(9,566)	(9,393)	(1,410)
Profit before income tax	**266,377**	**327,534**	**390,837**
Income tax expense	(13,277)	2,623	(6,521)
Profit for the year	**253,100**	**330,157**	**384,316**
Attributable to:			
The equity holders of the Company	252,976	325,720	379,853
Non-controlling interests	124	4,437	4,463

During the Track Record Period, we generated revenue primarily from (i) technology solutions for banks; (ii) technology solutions for non-bank institutions; and (iii) innovative operation services. Our revenue increased in 2023 mainly due to the increase in revenue from technology solutions for banks, as driven by large purchase order under our integration business, and it decreased in 2024 as we adopted a strategy to focus on the larger scale and higher value projects. See "Financial Information — Period-to-Period Comparison of Results of Operations" for details.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Technology solutions for banks	3,754,940	4,663,502	3,461,278
Technology solutions for non-bank institutions	361,586	378,314	370,835
Innovative operation services	164,726	157,265	122,097
Revenue	**4,281,252**	**5,199,081**	**3,954,210**

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Northern China	2,202,902	3,413,725	2,379,159
East China	1,134,416	836,496	887,033
South China	472,316	525,017	343,615
Central China	261,355	196,698	137,361
Northeast China	87,911	76,953	96,479
Southwest China	73,112	49,478	55,583
Northwest China	38,522	88,669	45,929
Overseas	10,718	12,045	9,051
Revenue	**4,281,252**	**5,199,081**	**3,954,210**

During the Track Record Period, our business operated in both the domestic and global market, while the PRC market remains our most significant market from which we generated the substantial portion of our revenues during the Track Record Period.

Cost of Sales

Our cost of sales primarily consists of (i) employee benefits expenses; (ii) software and hardware products purchased; and (iii) external procurement costs.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as percentages of our total cost of sales for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses[(1)]	2,164,497	68.4	2,203,908	57.0	1,954,492	69.5
Software and hardware products purchased[(2)]	881,384	27.9	1,537,783	39.8	778,720	27.6
External procurement costs[(3)]	40,976	1.3	76,545	2.0	46,680	1.7
Project implementation costs	33,871	1.1	29,861	0.8	25,473	0.9
Provision for inventories and contract fulfillment costs	36,311	1.1	11,453	0.3	5,775	0.2
Depreciation and amortization	5,553	0.2	4,412	0.1	2,881	0.1
Cost of sales	**3,162,593**	**100.0**	**3,863,962**	**100.0**	**2,814,021**	**100.0**

Notes:

(1) mainly include (i) wages, salaries and bonuses; (ii) pension obligations, housing funds, medical insurances and other social insurances; and (iii) other employee benefit expenses.

(2) refer to costs mainly incurred for integration business.

(3) refer to costs incurred for software development services and innovative operation services.

	Year ended December 31,					
	2022		**2023**		**2024**	
	GP	**GP Margin**	**GP**	**GP Margin**	**GP**	**GP Margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Technology solutions for banks	856,269	22.8	1,076,947	23.1	966,243	27.9
Technology solutions for non-bank institutions	121,188	33.5	125,871	33.3	91,548	24.7
Innovative operation services	141,202	85.7	132,301	84.1	82,398	67.5
GP and GP margin	**1,118,659**	**26.1**	**1,335,119**	**25.7**	**1,140,189**	**28.8**

Our gross profit margin increased from 25.7% in 2023 to 28.8% in 2024, primarily due to (i) the significant decrease in integration business that with a relatively lower gross profit margin; (ii) technology investment and advancement, including continuous investment in research and development, enhance the standardization of products and services, improve implementation processes, and increase development efficiency and quality; and (iii) our enhanced operational efficiency through focusing on projects with larger size and higher values and product management. Our gross profit margin remained relatively stable in 2022.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current assets	4,956,960	4,527,531	4,673,616
Non-current assets	862,591	1,038,754	1,151,554
Total assets	5,819,551	5,566,285	5,825,170
Current liabilities	1,960,279	1,407,843	1,490,998
Non-current liabilities	8,744	21,391	22,071
Total liabilities	1,969,023	1,429,234	1,513,069
Net current assets	2,996,681	3,119,688	3,182,618
Net assets	**3,850,528**	**4,137,051**	**4,312,101**
Share capital	710,678	704,057	704,057
Reserves	1,920,797	1,913,094	1,963,449
Treasury stock	(234,393)	(142,989)	(234,190)
Retained earning	1,437,796	1,635,863	1,841,296
Capital and reserves attributable to owners of the Company	3,834,878	4,110,025	4,274,612
Non-controlling interests	15,650	27,026	37,489
Total equity	**3,850,528**	**4,137,051**	**4,312,101**

As of December 31, 2024, we had net current assets of RMB3,182.6 million, as compared to RMB3,119.7 million as of December 31, 2023. Our net current assets as of December 31, 2022 was RMB2,996.7 million. Our net current assets remained stable during the Track Record Period which was primarily attributable to current assets mainly comprising of cash and cash equivalents, trade receivables and contract fulfillment costs as well as non-current assets mainly comprising investment in associates and PPE, partially offset by current liabilities mainly comprising of contract liabilities, trade and note payables and other payables and accruals as well as non-current liabilities mainly comprising of lease liabilities in the respective years.

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash generated from operations	207,303	459,936	959,137
Income tax paid	(32,240)	(13,377)	(18,353)
Net cash generated from operating activities	175,063	446,559	940,784
Net cash flows used in investing activities	(207,596)	(224,584)	(33,114)
Net cash generated from/(used in) financing activities	1,027,805	(473,138)	(260,377)
Cash and cash equivalents at the beginning of the year	1,278,801	2,282,260	2,034,281
Effect of foreign exchange rate changes, net	8,187	3,184	753
Cash and cash equivalents at the end of the year	**2,282,260**	**2,034,281**	**2,682,327**

Our cash from operating activities consists primarily of the sales of our product-driven technology solutions and cash received for our services. We recorded net operating cash inflows during the Track Record Period, primarily attributable to the profit before income tax in the corresponding years, as adjusted by non-cash and non-operating items and movements in working capital.

Our cash used in/generate from investing activities consists primarily of (i) investments in financial assets at FVTPL; (ii) purchase of PPE and (iii) proceeds from disposal of financial assets at FVTPL and financial assets at FVTOCI. We incurred net cash outflows in investing activities during the Track Record Period.

Our cash generated from financing activities primarily consists of (i) proceeds from private placement of shares and (ii) proceeds from bank borrowings. Our cash used in financing activities primarily consists of (i) repayments of bank borrowings; (ii) repurchase of shares and (iii) dividends paid. During the Track Record Period, we recorded net cash inflow in financing activities in 2022, and incurred net cash outflows in financing activities in 2023 and 2024.

Key Financial Ratios

The following table sets forth our key financial ratios for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Gross profit margin(1)	26.1%	25.7%	28.8%
Net margin(2)	5.9%	6.4%	9.7%
Gearing ratio(3)	33.8%	25.7%	26.0%
Current ratio(4)	252.9%	321.6%	313.5%
Quick ratio(5)	191.1%	242.3%	244.7%

Notes:

(1) Gross profit margin equals gross profit for the year divided by revenues for the respective year and multiplied by 100%.

(2) Net margin equals (loss)/profit divided by revenues for the period and multiplied by 100%.

(3) Gearing ratio equals total liabilities divided by total assets as of the end of the period and multiplied by 100%.

(4) Current ratio equals total current assets divided by total current liabilities for the respective year and multiplied by 100%.

(5) Quick ratio equals total current assets less inventories and contract fulfillment costs divided by total current liabilities for the respective year and multiplied by 100%.

DIVIDEND

Our Company declared dividends of RMB98.0 million, RMB137.2 million and RMB178.7 million in respect of the financial years ended December 31, 2022, 2023 and 2024, respectively. We have paid the dividends declared in respect of the financial years ended December 31, 2022 and 2023. As of the Latest Practicable Date, we have paid the dividends declared in respect of the financial years ended December 31, 2024 to our mainland PRC shareholders in full. See Note 44 of "Appendix I — Accountants' Report" in to this document. After completion of the [**REDACTED**], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association and other corporate governance policies, our Board may declare dividends in the future after taking into account our results of operations, financial condition, capital requirements, Shareholders return plans and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders. Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See "Risk Factors — Risks Relating to the [**REDACTED**] — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future." in this document.

[REDACTED] EXPENSES

[**REDACTED**] expenses consist of professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] expenses of approximately HK$[**REDACTED**] (based on the mid-point of the indicative [**REDACTED**] range, and assuming that the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] expenses to consist of approximately HK$[**REDACTED**] in [**REDACTED**] fees and HK$[**REDACTED**] million in non-[**REDACTED**] fees. Among of the total [**REDACTED**] expenses, approximately HK$[**REDACTED**] will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining HK$[**REDACTED**] will be expensed in our consolidated statements of profit or loss and other comprehensive income. Our Directors do not expect such expenses to materially impact our results of operations in 2025. The estimate of [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] are issued pursuant to the [**REDACTED**]; and (ii) the [**REDACTED**] is not exercised.

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	**Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]**
[**REDACTED**] of our H Shares	HK$[**REDACTED**]	HK$[**REDACTED**]
[**REDACTED**] of our Shares upon the completion of the [**REDACTED**][(1)]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

1. The total [**REDACTED**] of the Company is calculated based on (i) 704,057,060 A Shares (excluding 13,818,156 treasury shares) as of the Latest Practicable Date at the average closing price of the A Shares of the Company for the five business days immediately preceding the Latest Practicable Date at RMB[25.06] (or approximately HK$[27.32]) per Share, and (ii) the expected [**REDACTED**] of the Company's H Shares at [**REDACTED**] (assuming [**REDACTED**] is not exercised).

2. The unaudited [**REDACTED**] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at after the adjustments referred to in the section headed "Unaudited [**REDACTED**] Financial Information" in Appendix II to this document and is calculated based on [**REDACTED**] Shares (excluding [**REDACTED**] treasury shares) in issue immediately following the completion of the [**REDACTED**] had it been completed as of December 31, 2024 and does not take into account of any shares which may be issued upon the exercise of the [**REDACTED**].

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] commissions and other estimated expenses paid and payable by us in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below (based on the mid-point of the [**REDACTED**] range):

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be to accelerate global expansion and enhance international competitiveness;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be dedicated to advancing research and application of cutting-edge technologies such as AI, big data, cloud computing, and blockchain in financial technology;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for joint ventures, equity investments, and acquisitions to consolidate regional resources and expand market penetration;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to establish new sales channels and upgrade our operational services to consolidate domestic market leadership and further enhance operational capabilities;

- approximately [**REDACTED**]% or HK$[**REDACTED**], will be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]."

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since November 2018, our Company has been listed on the ChiNext Board of the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the ChiNext Board of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisors' view, nothing has come to the Joint Sponsors' attention that would cause them to cast doubt on our Directors' confirmation with regard to the compliance record of the Company on the ChiNext Board of the Shenzhen Stock Exchange in any material respect.

Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to deepen our Company's global strategy, accelerate the development of its overseas business, further enhance its capital strength, and elevate our Company's international brand image. See "Business — Our Business Strategies" and "Future Plans and Use of [**REDACTED**]."

RECENT DEVELOPMENT AND NO MATERIAL CHANGE

Since December 31, 2024, being the latest date of our consolidated financial statements as set out in Appendix I to this document, and up to the date of this document, there has been no material adverse change in our financial or trading position or business prospects, and there is no event since December 31, 2024 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this document.

Subsequent to the Track Record Period and as of the date of this document, as we continue our effort in expanding our business scale, improving our operating leverage and increasing our economics of scale, we have witnessed continued growth in our key operating metrics, including:

- In early 2025, with the support of our data middle-platform *StarGaze*, we officially launched our upgraded AI-empowered data product, the *Star ChatBI 2.0*, in early 2025, featuring several core upgrades in intelligent question and answer capabilities including thorough analysis and transparent presentation of the thinking process for user questions. In the first quarter of 2025, the Star ChatBI 2.0 has been successfully implemented in several regional commercial banks under licensed-based payment models, laying a solid foundation for our future AI+ business development.

- In the first quarter of 2025, we successfully outbid a phase I project of the data platform of an industry-leading bank's London branch. This project aims to establish a robust and advanced data platform for this overseas branch, providing end-to-end capabilities covering data governance, regulatory compliance, and analytical services. This project signifies the international recognition of our financial technology solutions and provides an excellent opportunity for business expansion in European and global market.

- In May 2025, we officially entered the system testing phase of a next-generation core banking system project for the Hong Kong and international branches of a multinational bank. Currently, all testing work is proceeding as scheduled. We believe that the successful implementation of this project will enhance our brand recognition in the Southeast Asia fintech solution market, and it is expected as a driver for exploring opportunities in overseas market with increased revenues, further optimizing our business structure and advancing our global service capabilities.

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain other terms are explained in "Glossary."

"**2020 Restricted Share Incentive Scheme**"	the 2020 restricted share incentive scheme adopted in May 2020, the principal terms of which are set out in "Statutory and General Information — Share Schemes — (ii) Restricted Share Incentive Schemes" in Appendix VI to this document
"**2023 Restricted Share Incentive Scheme**"	the 2023 restricted share incentive scheme adopted in March 2023, the principal terms of which are set out in "Statutory and General Information — Share Schemes — (ii) Restricted Share Incentive Schemes" in Appendix VI to this document
"**2023 Employee Stock Ownership Scheme**"	the 2023 employee stock ownership scheme adopted in March 2023, the principal terms of which are set out in "Statutory and General Information — Share Schemes — (i) Employee Stock Ownership Schemes" in Appendix VI to this document
"**2025 Employee Stock Ownership Scheme**"	the 2025 employee stock ownership scheme adopted in April 2025, the principal terms of which are set out in "Statutory and General Information — Share Schemes — (i) Employee Stock Ownership Schemes" in Appendix VI to this document
"**A Share(s)**"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the ChiNext Board of the Shenzhen Stock Exchange
"**A Shareholder(s)**"	holder(s) of our A Share(s)
"**Accountants' Report**"	the accountants' report of our Company for the Track Record Period, as included in Appendix I to 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

DEFINITIONS

"**AFRC**"	Accounting and Financial Reporting Council of Hong Kong
"**Articles of Association**" or "**Articles**"	the articles of association of our Company, conditionally adopted on May 28, 2025 with effect from the [**REDACTED**], as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix IV to this document
"**Audit and Risk Control Committee**"	the audit and risk control committee of the Board
"**Board**"	the board of Directors
"**business day**"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"**CAC**"	Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)

[**REDACTED**]

"**China**" or "**PRC**"	the People's Republic of China excluding, for the purposes of this document, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"**CIC**"	China Insights Industry Consultancy Limited, an industry expert and Independent Third Party
"**CIC Report**"	the industry report which we commissioned CIC to prepare
"**CIIO**"	Operator of Critical Information Infrastructure
"**close associate(s)**"	has the meaning ascribed thereto under the Listing Rules

"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified 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, supplemented or otherwise modified from time to time
"**Company**," "**our Company**," "**we**," "**our**" or "**us**"	Yusys Technologies Co., Ltd. (北京宇信科技集團股份有限公司), a company established under the laws of the PRC on October 19, 2006, the A Shares of which have been listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300674)
"**Compliance Advisor**"	Somerley Capital Limited
"**connected person(s)**"	has the meaning ascribed thereto under the Listing Rules
"**connected transaction(s)**"	has the meaning ascribed thereto under the Listing Rules
"**core connected person(s)**"	has the meaning ascribed thereto under the Listing Rules
"**Corporate Governance Code**"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"**CSDC**"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"**CSRC**"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"**Director(s)**"	the director(s) of our Company
"**EIT**"	enterprise income tax
"**EIT Law**"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"**ESG**"	environmental, social and governance
"**Extreme Conditions**"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"**Group**," "**our Group**," "**we**," "**our**" or "**us**"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"**Guide for New Listing Applicants**"	the Guide for New Listing Applicants issued by the Stock Exchange in December 2023, and as amended, supplemented or otherwise modified from time to time
"**H Share(s)**"	overseas [**REDACTED**] foreign shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and [**REDACTED**] on the Stock Exchange

[**REDACTED**]

[**REDACTED**]

"**Hong Kong**"	the Hong Kong Special Administrative Region of the People's Republic of China
"**Hong Kong dollars**" or "**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

"**IFRS**"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"**Independent Third Party(ies)**"	person(s) or company(ies) who/which, to the best of our Directors' knowledge, information and belief, is/are not a connected person of our Company

[**REDACTED**]

"**Joint Sponsors**"	the joint sponsors as named in "Directors and Parties Involved in the [**REDACTED**]" in this document
"**Latest Practicable Date**"	June 10, 2025, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[**REDACTED**]

[**REDACTED**]

"**Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

[**REDACTED**]

"**MOF**"	Ministry of Finance of the PRC (中華人民共和國財政部)
"**MOFCOM**"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"**Nomination Committee**"	the nomination committee of the Board
"**NPC**"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

[**REDACTED**]

"**PBOC**"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"**PRC Company Law**"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"**PRC Legal Advisors**"	Jingtian & Gongcheng, our legal advisor as to PRC laws
"**PRC Securities Law**"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"**Regulation S**"	Regulation S under the U.S. Securities Act
"**Remuneration and Evaluation Committee**"	the remuneration and evaluation committee of the Board
"**Renminbi**" or "**RMB**"	Renminbi, the lawful currency of China
"**SAFE**"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"**SAMR**"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)

"**SASAC**"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"**SAT**"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"**SCNPC**"	the Standing Committee of the National People's Congress of the PRC
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"**Share(s)**"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"**Shareholder(s)**"	holder(s) of our Share(s)
"**Shenzhen Stock Exchange**"	the Shenzhen Stock Exchange (深圳證券交易所)
"**Shenzhen-Hong Kong Stock Connect**"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
"**Single Largest Group of Shareholders**"	Mr. Hong Weidong (洪衛東) and Yuqin Hongtai as further detailed in "Relationship with our Single Largest Group of Shareholders"

[**REDACTED**]

"**State Council**"	the State Council of the PRC (中華人民共和國國務院)
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Strategy Committee**"	the strategy committee of the Board
"**Takeovers Code**"	the Code on Takeovers and Mergers issued by the SFC

"**Track Record Period**"	the years ended December 31, 2022, 2023 and 2024
"**U.S. dollars**" or "**US$**"	United States dollars, the lawful currency of the United States
"**U.S. Securities Act**"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder

[**REDACTED**]

"**United States**" or "**U.S.**"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"**VAT**"	value-added tax

[**REDACTED**]

"**Xiamen Yuxin Hongtai**"	Xiamen Yuxin Hongtai Technology Co., Ltd. (廈門市宇信鴻泰科技有限公司), a limited liability company incorporated on March 14, 2017 in the PRC, a wholly-owned subsidiary of Zhuhai Yuxin Yicheng and our indirect wholly-owned subsidiary
"**Yuqin Hongtai**"	Zhuhai Yuqin Hongtai Venture Capital Group Co., Ltd. (珠海宇琴鴻泰創業投資集團有限公司), a limited liability company incorporated on November 28, 2014 in the PRC, being a member of the Single Largest Group of Shareholders
"**Zhuhai Yuxin Yicheng**"	Zhuhai Yuxin Yicheng Technology Co., Ltd. (珠海宇信易誠科技有限公司), a limited liability company incorporated on May 9, 2014 in the PRC, our direct wholly-owned subsidiary
"**%**"	percent

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

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similarly terms adopted by other companies.

"**AI**"	artificial intelligence
"**API**"	Application Programming Interface, a set of rules and protocols that allows different software applications to communicate and interact with each other
"**ATM**"	Automated Teller Machine, a self-service electronic banking terminal that allows customers to perform financial transactions such as cash withdrawals, deposits, and balance inquiries without the need for a bank teller
"**big data**"	large and diverse data sets able to uncover hidden patterns, correlations, market trends, customer preferences and other useful information assets under processing model for greater decision-making power, insight and processing optimization capabilities
"**CCID**"	China Center for Information Industry Development, a Chinese research and consulting firm that provides industry analysis and market reports
"**CCID Report**"	the annual report titled Market Share Analysis Report of IT Solutions for the China's Banking Industry published by CCID Consulting, which primarily covers the overall IT market in China's banking sector, as well as the development and competitive landscape of banking IT solution providers
"**cluster**"	a group of interconnected computers or servers that work together to enhance performance, reliability, and scalability by sharing workloads and providing redundancy
"**DaaS**"	Data-as-a-Service, a cloud-based data management solution that provides on-demand access to data from various sources
"**data factor(s)**"	a basic unit of information that has a unique meaning and subcategories (data items) of distinct value

"**data factors platform**"	a foundational digital infrastructure that integrates the collection, processing, governance, sharing, trading, and application of data in a compliant, secure, and efficient manner
"**DevOps**"	A compound of development (Dev) and operations (Ops), the union of people, process, and technology to continually provide value to customers
"**EAST**"	Examination & Analysis System Technology, an information technology system developed by regulatory authority to regulate the banking industry
"**e-KYC**"	electronic Know Your Customer, a digital process that verifies a customer's identity using electronic means, ensuring compliance with regulatory requirements and enhancing security and convenience
"**fintech**"	Financial Technology, the industry that uses technology to improve and enhance financial services, making them more efficient and accessible through digital solutions and platforms
"**GenAI**"	generative AI, a type of artificial intelligence that can create new content, such as text, images, or even code, based on patterns it has learned from large datasets
"**IaaS**"	Infrastructure-as-a-Service, a cloud computing model that provides virtualized computing resources over the internet, allowing users to access and manage virtual machines, storage, and networking resources
"**IoT**"	Internet of Things, a network of interconnected devices and objects that can collect and exchange data via the internet, enabling enhanced automation, monitoring, and optimization in various applications
"**IT**"	information technology
"**large-model technology**"	the development and application of artificial intelligence models with a vast number of parameters that can process and generate complex data

"**NLP**"	Natural Language Processing, a subfield of artificial intelligence that focuses on enabling computers to understand, interpret, and generate human language, facilitating more effective human-computer communication
"**OCR**"	Optical Character Recognition, a technology that enables the conversion of documents, such as scanned paper documents, PDF files, or images captured by a digital camera, into editable and searchable data by recognizing and converting the text within them
"**PaaS**"	Platform-as-a-Service, a cloud computing model that provides a platform allowing developers to build, deploy, and manage applications without needing to handle the underlying infrastructure
"**pan-finance**"	a broad range of financial and related services that extend beyond traditional banking to include areas like investment, insurance, fintech, and other financial intermediation activities
"RegTech"	Regulatory Technology, a solution that leverages advanced technologies such as artificial intelligence, big data and blockchain to help financial institutions manage compliance more efficiently
"**regulatory reporting**"	the process of collecting, analyzing, and submitting financial and operational data to regulatory authorities to demonstrate compliance with legal and regulatory standards
"**risk management**"	the systematic process of identifying, assessing, and mitigating threats or uncertainties that can affect an organization
"**RPA**"	Robotic Process Automation, a technology that enables software robots to perform repetitive, rule-based tasks by mimicking human actions
"**SaaS**"	Software-as-a-Service, a cloud-based software distribution model where applications are hosted by a provider and made available to users over the internet

"**traffic**" the volume of potential customers or user interactions within a specific platform, which represents the flow of individuals who are exposed to or engage with various marketing efforts, ultimately being converted into actual customers

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "target," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business and operating strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our financial condition and performance;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

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

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

We believe there are certain risks and uncertainties involved in our business operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry, (ii) risks relating to doing business in China, and (iii) risks relating to the [**REDACTED**].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We face risks and uncertainties regarding the evolving technology solution for financial institutions market, which impose a costly burden on the research and development and maintenance of our solutions.

We offer a comprehensive spectrum of technology solutions for banks and non-bank institutions and we generate most of our revenue from financial institutions. The technology solution for financial institutions market are experiencing rapid developments, subject to continuous technological innovations, changing customer demands in business operation and regulatory compliance. As such, the level of demand and market acceptance of our solutions are subject to uncertainties. In addition, we plan to allocate the net [**REDACTED**] from the [**REDACTED**] on upgrading and developing our existing solutions and accelerating global expansion. See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]." If we fail to improve our existing solutions as well as to develop and introduce new solutions with features meeting evolving customer demands and industry standards as expected in a timely and cost-effective manner, our solutions may become less attractive, or even obsolete. As a result, we may not be able to attract new customers and may suffer from a shrinkage of the existing customer base, which could adversely affect our business, results of operations and financial condition.

We have applied various cutting-edge technologies in our solution offerings including, among others, AI, big data, cloud computing, and blockchain in financial technology. Our research and development efforts are focused on developing and testing new and complementary product-driven technology solutions, as well as further enhancing the usability, functionality, reliability and flexibility of our existing technology solutions. As a result, we may incur a substantial amount of costs for research and development of our product-driven technology solutions. However, the evolving changes of the technology solutions for financial institutions market make its trends difficult to predict, and our investments in research and development and maintenance may not generate expected returns, which could adversely affect our business, results of operations and financial condition. If the markets for our solutions fail to grow as expected, or we are unable to maintain or increase our market share, our business, results of operations and financial condition may be materially and adversely affected.

During the Track Record Period, we derived a substantial amount of our revenue from certain type of customers, and any decrease or loss of business from them could materially and adversely affect our business, results of operations and financial condition.

Our customers primarily include banks and non-bank financial institutions. In 2022, 2023 and 2024, approximately 87.7%, 89.7% and 87.5% of our total revenue was generated from our technology solutions for banks, and most of our five largest customers during the Track Record Period are bank customers. In 2022, 2023 and 2024, revenue generated from our largest customer accounted for 18.9%, 25.4% and 20.4% of our total revenue, respectively, and revenue generated from our five largest customers accounted for 45.3%, 44.5% and 42.3% of our total revenue in the respective years. Our financial performance is therefore directly exposed to risks inherent in the banking industry, such as cyclical demand patterns, regulatory policies, geopolitical tensions, and rapid technological shifts. A number of factors could negatively affect our customer growth and retention, including: (i) we may encounter difficulties to timely develop and provide solution updates or new solutions in accordance with evolving customer demands, industry standards and regulatory requirements; (ii) we may encounter difficulties to timely update existing technologies or develop new technologies to stay ahead or abreast of market advances; and (iii) our competitors may develop solutions similar to or better than ours, which may result in loss of existing customers or decline in new customer growth. Also, any change in the strategic focus of our major customers resulting in a reallocation of resources away from their needs in our technology solutions could affect their willingness to engage us for further cooperation. We expect to continue to derive a notable portion of our revenue from our bank customers in the near future. However, we cannot assure you that these customers will continue to engage us for our solutions, and in comparable, not worse, scales and terms.

We operate in highly competitive markets and some market participants may have substantially greater resources. We compete with both established competitors and new market entrants.

The technology solution for financial institutions market is highly competitive, and we expect that it will become even more competitive in the future. Our future success will partially depend on our ability to continue developing suitable technology solutions for our customers and resolve their pain points, so as to remain competitive with our existing and any new competitors. If we compete with players that have a longer corporate operating history than us, or if we do not have or in the future gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than our competitors, we may not be able to respond more quickly and effectively to new or changing opportunities, technologies, regulatory requirements or user demands than our competitors.

We may also face competition from new entrants who may offer lower prices or new technologies, solutions and services, and thus increase the level of competition in the future. Increased competition could result in lower sales, price reductions, reduced margins or loss of market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining outstanding talents, and acquiring technologies complementary to, or necessary for, our current and future technology solutions in order to respond to such competitive threats, and we cannot assure you that such measures will be effective.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, results of operations and financial conditions may be materially and adversely affected.

Exploring new business models and developing new products and solutions involves risks and challenges.

We have a track record of successfully exploring new business models and developing new products and solutions in the technology solution for financial institutions market. We cannot assure you, however, that we will be able to maintain this momentum in the future. Expanding offering categories into new areas involves costs, risks and challenges. Exploration of new business models and development of new products and services may place strain on our management and resources and incur substantial research and development and other costs and expenses before generating any revenues. Our lack of familiarity with new business models may make it more difficult for us to keep pace with the evolving customer demands and preferences. In addition, there may be one or more existing market leaders in any market that we decide to expand into. Such companies may be able to compete more effectively than us by leveraging their experience in doing business in that market as well as their deeper industry insight and greater brand recognition among customers. We may need to comply with new laws and regulations applicable to these businesses.

Establishing, maintaining and strengthening our trusted brand image is critical to our success, and any failure to do so could severely damage our reputation and brand, which would have a material adverse effect on our business, financial condition and results of operations.

We believe that maintaining and enhancing our brand is essential for the success of our business. Our operational and financial performance is highly dependent on the strength and market perception of our brand. Our brand recognition and reputation play a critical role in building long-term relationships with our customers and suppliers. Maintaining and enhancing our brand and brand name depends largely on our ability to provide high-quality and reliable solutions and products and maintain market leadership in China, which we cannot assure you we will do successfully. Errors, defects, disruptions or other performance issues with our solutions and products may harm our reputation and brand, and we may introduce new solutions and products which might be poorly received by our customers and the market. For example, our brands, reputation and sales could be harmed if our solutions and products fail to meet expectations of our customers or contain defects. Additionally, if our customers have a negative experience using our solutions and products, such an encounter may affect our brand and reputation within the industry. Further, our success in maintaining and improving our brand image depends on our ability to adapt to a rapidly changing media ecosystem, including social media and online dissemination of advertising campaigns. Negative posts or comments about us on social networking platforms and other websites that spread rapidly through such forums, even if it is factually incorrect, could seriously damage our reputation and brand image. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenues.

Failure to effectively expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our solutions.

Our ability to increase customer base and achieve broader market acceptance of our solutions will depend to a significant extent on our ability to expand our sales and marketing capabilities. We expect to expand our sales and marketing capabilities to target enterprises in broader geographical areas in the future. However, there is no guarantee that we will be successful in attracting and maintaining these enterprises as customers. Even if we are successful in expanding our customer base, if these efforts paid to analyze their needs and market our solutions to them would divert our limited resources away from existing customers, our ability to attract and maintain our current major customers would be negatively impacted, which might cause a loss of our current customer base and adversely affect our business operation and financial results.

If we are unable to hire, develop and retain talented sales and marketing personnel, or if our new sales and marketing personnel are unable to achieve desired performance levels in a reasonable period of time, we may not be able to enlarge our current customer base and achieve broader market acceptance of our solutions, and our business, results of operations and financial condition could be adversely affected.

Our business depends on the continuing efforts of our management and other key personnel, as well as a competent workforce that supports our existing operations and future growth. If we fail to attract, motivate and retain talents, our operations and growth prospects may be disrupted.

Our future success heavily depends upon the continuing services of our management and other key personnel. In particular, we rely on the expertise, experience and vision of our founder, executive director, chairman of the Board and chief executive officer, Mr. Hong, as well as other members of our senior management team. We also rely on the technical know-how and skills of other key personnel, including our key technical staff and technology supervisors. If any of our senior management or key personnel becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily or at all. If any of our senior management and key personnel leaves us and solicits our customers, we may be subject to the risk of customer attrition. As a result, our business may be severely disrupted, our results of operations and financial condition may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain key personnel.

Our existing operations and future growth require a sizeable and competent workforce. For example, the effective operation of our IT system, and other back office functions depends in part on our professional employees. We also rely on experienced personnel for our business aspects of technology, solution design, operation and others to anticipate and effectively respond to changing customer preferences and market trends. However, our industry is characterized by high demand and intense competition for talents. In order to attract and retain talents, we may need to offer higher compensation, better trainings and more attractive career trajectory and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified workforce necessary to support our future growth. In addition, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the increasing demands of our business. Any of the above issues related to our workforce may materially and adversely affect our results of operations and future growth.

Higher labor costs and inflation may adversely affect our business, results of operations, financial condition, and prospects.

Inflation in mainland the PRC and globally have risen in recent years. Rising inflation may be reflected in the prices of kernel-based virtual machines and servers from our suppliers. Factors such as changes in minimum wage laws, labor market dynamics, or increased competition for skilled labor in the industry may lead to higher labor expenses. Such increases could exert upward pressure on the fees that we pay our employees or other third-party service providers. Our ability to manage and mitigate the impact of rising labor costs through operational efficiencies, process improvements, or technological innovations will also significantly influence our competitiveness and financial performance. However, there is no guarantee that we will succeed in effectively managing the impact of rising labor costs. Moreover, higher cost for labor and raw materials might necessitate adjustments in service pricing, potentially making our solutions less competitive in the market. Attempts to pass on increased labor costs to customers through higher service fees could result in reduced demand or market share loss.

In addition, companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance and housing provident funds. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, employers who fail to make adequate payments as required by the local competent authorities may be subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we had not received any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. There can be no assurance that any new laws and regulations, or more stringent interpretation and implementation of existing and new laws and regulations will not lead to extra employee benefit plan costs, which may adversely affect our results of operations and financial condition.

Technical personnel play an important role to maintain, improve and innovate our solutions, and any failure to retain our technical personnel would materially and adversely affect our business and results of operations.

Our technical team are primarily responsible for developing, testing and implementing new and complementary product-driven solutions, as well as further enhancing the usability, functionality, reliability and flexibility of our existing solutions, see "Business — Research and Development". Our proprietary intellectual properties for our technology solutions include 874 software copyrights and 67 patents. Our technical staff with high credentials in the industry constitute our core competence, and we have reliance on them for the success of our business operations. We have provided attractive compensation package and implemented mechanisms to retain our technical staff, and have included confidentiality clauses and included non-compete clauses in the employment contracts with our core technical staff. As experienced technical talents are in high demand in the industry, our competitors may solicit the core members of our technical team through various means to work for them, and thus we may experience a high turnover of our technical staff. Finding equivalent and suitable replacements for our technical staff can be difficult and may take an exceptionally long time. During this process, our technological capabilities would be materially and adversely impaired, which would result in a serious loss of our business.

We may pursue mergers, acquisitions, joint ventures or equity investment that could present unforeseen integration obstacles or costs and may not enhance our business as we expect.

We may in the future enter into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. We may not have control over these alliances by nature and these alliances could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by third parties, non-compliance in the third parties operation and increases in expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these third parties suffers negative publicity or harm to their reputation from events relating to their businesses, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party as well as negative impact on our financial results.

In addition, if appropriate opportunities arise, we may acquire additional technologies, products, businesses operation teams or assets that add value to our existing business. In addition to possible shareholder approval, we may have to obtain approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations of the PRC or other jurisdictions, which could result in increasing delay and costs, and may derail our business strategy if we fail to do so. Acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Furthermore, we may incur significant acquisition, administrative and other costs in connection with such transactions, including costs related to the integration of acquired businesses. These costs may include unanticipated costs or expenses, including post-closing asset impairment charges, legal, regulatory and contractual costs, and expenses associated with eliminating duplicate facilities. In addition, upon completion of an investment or acquisition, we may allocate significant resources to the integration of new business into our existing business to realize synergetic benefits. The integration process involves certain risks and uncertainties, some of which are outside our control, and there can be no assurance that we will be able to realize the anticipated benefits, synergies, cost savings or efficiencies. We may also experience difficulties integrating any investments, acquisitions and/or partnerships into our existing business and operations. There is no assurance that we will be able to successfully implement these initiatives or that we will be able to identify successful initiatives in the future.

Any failure to protect our intellectual property rights may adversely affect our business and reputation.

We regard our copyrights, patents, trademarks and other intellectual properties as critical to our success, and rely on a combination of trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. As of the Latest Practicable Date, we registered 67 invention patents, 77 trademarks, 874 software copyrights and eight registered domain names in China. Although we have included confidentiality clause and non-compete clause in the employment contracts with our core technical staff, we cannot assure you that these confidentiality and non-compete agreements will not be breached, that we will have adequate remedies for any breach, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. Despite our efforts to protect our intellectual property, third parties may still manage to acquire or otherwise misappropriate our intellectual property without authorization. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors.

It may be costly to implement a mechanism monitoring and detecting unauthorized use of our intellectual property, and this mechanism may be inadequate to fully detect all intellectual property misappropriations. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Furthermore, defending ourselves against intellectual property infringements through litigations can be costly and may involve intensive work. Even if we manage to obtain such favorable judgments, there is no guarantee that our intellectual property rights will be enforced effectively to prevent any unauthorized use by others. Moreover, for those proprietary technologies not yet protected by intellectual property rights registered with the relevant competent governmental authorities in China, third parties may obtain and use these technologies, which may harm our business and adversely affect the results of our operations. In addition, any intellectual property rights that we obtain may be challenged by others or invalidated through administrative processes or litigations.

Any failure in protecting or enforcing our intellectual property rights could materially and adversely affect our business, results of operations and financial condition. Our inability to protect our proprietary technologies against unauthorized copying or use could delay further sales or the implementation of our solutions, impair the functionality of our solutions, delay introductions of new solutions, result in our substituting inferior or more costly technologies into our solutions, or injure our reputation.

Third parties may claim that we infringe their intellectual property rights, which could cause us to incur significant legal expenses and prevent us from promoting our solutions.

We have implemented many procedures to ensure compliance with intellectual property laws with our best efforts, and we were not involved in any intellectual property infringement actions brought by third parties in China that would have a material adverse effect on our results of operations during the Track Record Period and up to the Latest Practicable Date. However, there is no guarantee that third-party right holders will not assert intellectual property infringement or other related claims against us in the future. Defending against intellectual property claims is costly and can impose a significant burden on our ability to develop, launch and sell our solutions, and may harm our reputation in the industry.

We depend on the availability and proper functioning of certain third party products that we utilize or incorporate into our solutions and the services provided by our suppliers. Should there be any disruption in their supply, or the products and services provided by our suppliers be defective or fail to meet the required standards, our business and reputation may be adversely affected.

We rely on third party suppliers to provide us with hardware and software products and services, such as software development and technical support services, used in our integration business that provide to our clients mainly for their information technology application innovation. In 2022, 2023, and 2024, purchases from our largest supplier accounted for 21.9%, 52.2% and 14.4% of our total purchases during the same periods, respectively, and purchases from our five largest suppliers accounted for 63.7%, 78.7% and 46.4% of our total purchases during the same periods, respectively. We do not carry significant inventories of, and might not have guaranteed supply for, these products and services. If any of our suppliers were to cease, suspend or limit production or shipment of these products to us, or cease, suspend or limit their services provided to us, or adversely modify supply terms or pricing, our ability to successfully implement solutions or provide our services may be impaired. Certain of our major suppliers operate in sectors that may be subject to international regulatory developments, including export controls and sanctions regimes. Changes in such regimes or enforcement actions may affect their ability to deliver products or services to us on a timely and consistent basis. We cannot assure you that we will be able to obtain these products and services or acceptable substitutes from alternative suppliers on commercially reasonable terms or at all.

Moreover, third party products may also include design or manufacturing defects or errors that could adversely affect the performance of our technology solutions. As a result, we may be responsible for additional warranty costs to replace or repair such products. We also cannot assure you that all such defects and issues would be detected and resolved to meet our customers' required standards. We may also be subject to legal proceedings initiated by our customers in relation to the product defects. In addition, such defects or errors may harm our market reputation as well as reduce our sales.

We may be subject to litigation and regulatory investigations and proceedings, and may not always be successful in defending ourselves against such claims or proceedings.

We are subject to lawsuits and other claims in the ordinary course of our business. Our business operations entail substantial litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to information disclosure, customer onboarding, sales practices, product design, fraud and misconduct, as well as the protection of personal and confidential information of our customers. We may be subject to arbitration claims in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by regulatory and other governmental agencies. Actions brought against us may result in settlements, injunctions, fines, penalties, suspension or revocation of licenses, reprimands or other results adverse to us that could harm our reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us.

In addition, we may face arbitration claims and lawsuits brought by our customers who have used our solutions or services and found them unsatisfactory. We may also encounter complaints alleging misrepresentation with regard to offerings. This risk may be heightened during periods when financial markets are deteriorating in value or are volatile, or when customers are experiencing losses. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us including harm to our reputation. Even if we are successful in defending against these actions, the defense of such matters may result in our incurring significant expenses. Predicting the outcome of such matters is inherently difficult, particularly where claimants seek substantial or unspecified damages, or when arbitration or legal proceedings are at an early stage. A significant judgment or regulatory action against us or a material disruption in our business arising from adverse adjudications in proceedings against the directors, officers or employees would have a material adverse effect on our liquidity, business, financial condition, results of operations and prospects.

Errors, defects, disruptions, any other malfunction or quality issues of our solutions or interruption of information system and technological infrastructure could diminish demand for our solutions, harm our financial results, and subject us to liability.

Our customers use our solutions in the daily operations of their businesses, and any errors, defects, disruptions, any other malfunctions of our solutions or interruption of technological infrastructure could harm the business of our customers and hurt our reputation.

While we always try to improve our solutions and detect and fix software problems to minimize any possible harm caused by our solutions to customers, we cannot assure you that there would not be any malfunctions of our solutions, or that these malfunctions would not cause losses to our customers' business. We provide maintenance services for the customers of our solutions. Our customers may discover latent defects in our solutions that were not apparent at the time of the implementation of our solutions. Such errors or malfunctions of our solutions could result in unfavorable effects on our customers' business, and thus directly decreases their demand for our solutions, or put us at inferior position in future bargaining process with them. Such malfunctions would also harm the reputation of our solutions and business in general, and result in a decrease of acceptance of our Group in a large scale. Furthermore, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct problems, or indemnify losses, and may even incur legal fees or other expenses during this process to decide liability. As a result, we would face the risk of decreasing solution demand, and even liability, and our business operations could be materially harmed.

In addition, our business operations and success depend on the stable performance of our information system and technological infrastructure, which we use to, among others, communicate with our suppliers and customers, and develop solutions and review solution performance. Any failure that interrupts our ability to provide services to customers could significantly reduce the attractiveness of our solutions to customers and reduce our revenue. Our information system and technological infrastructure are vulnerable to a variety of events, including telecommunication failures, power shortages, malicious human acts and natural disaster. If we experience any breakdown, malfunctions or failure of our information system and technological infrastructure, our services to be provided to customers may be interrupted, thereby adversely affect our reputation, operation and financial results.

Our Single Largest Group of Shareholders may have significant influence over us, and their interests may not be aligned with the interests of our other Shareholders.

Our Single Largest Group of Shareholders will, through their voting power at the Shareholders' meetings and delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Single Largest Group of Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Single Largest Group of Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

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

We seek to establish a multi-tiered and systematic framework for our risk management and internal control systems to ensure compliance and strengthen risk resilience. For further information, see "Business — Risk Management and Internal Controls." 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. 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 controls also depend on their effective implementation by our employees. Due to the significant size of our operations, 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 services and solutions in the future, the diversification of our service and solutions 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, results of operations and financial condition could be materially and adversely affected.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees or third parties.

We are exposed to fraudulent or illegal activities or other misconducts by our employees or other third parties, which could subject us to liabilities, fines and other penalties imposed by government authorities and negative publicity. There can be no assurance that our controls and policies will prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity by our employees or other third parties, including, but not limited to, violations of anti-corruption or anti-bribery laws, could subject us to negative publicity which could severely damage our brand and reputation and, if conducted by our employees, further subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. As such, any failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties could materially and adversely affect our business, results of operations and financial condition.

We may not have sufficient insurance coverage which could expose us to significant costs and business disruption.

We currently carry limited insurance in connection with our business including the social insurance plan and other insurance. See "Business — Insurance" for more details on our insurance policies. We do not, however, carry insurance in respect of certain risks that we believe are not insured under customary industry practice in China, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war, nuclear contamination, tsunami, pollution, acts of terrorism and civil disorder. In addition, we may be subject to the risks of losses incurred by our employees or third parties, which losses may not be sufficiently covered by our insurance policies. Accordingly, there may be circumstances in which we will not be covered or compensated, in part or at all, for specific losses, damages and liabilities. Any risk that is not adequately covered by insurance may have an adverse effect on our business, results of operations and financial condition. We cannot guarantee that our insurance coverage is sufficient to cover potential losses.

Increased scrutiny and changing expectations from stakeholders with respect to our ESG practices may result in additional costs or risks.

There is an increasing focus from certain investors, customers and other parties in society concerning corporate responsibility, specifically related to ESG factors. We believe that it is our responsibility to devote substantial time and resources to develop technology and products designed to reduce carbon footprint. In the meantime, given the nature of our businesses and the industries we serve, we must anticipate and respond to market, technological, regulatory and other changes driven by broader trends related to decarbonization efforts in response to climate change, and these changes present both risks and opportunities for our businesses. Our success in advancing decarbonization objectives in our operations will depend in part on the actions of governments, regulators and other market participants to invest in infrastructure, create appropriate market incentives and to otherwise support the development of new technologies.

In addition, the ESG factors by which companies' corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. Alternatively, if we are unable to satisfy such new criteria or we are unable to respond or perceived to be inadequately responding to sustainability concerns, investors may conclude that our policies with respect to corporate responsibility are inadequate and choose to purchase solutions and products from a competitor of us. We risk damage to our brands and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties. In addition, if we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity and material and adverse effect on our business, financial condition and results of operations.

We are subject to a broad range of increasingly strict laws and regulations relating to, among other areas, occupational health and safety and labor practices. Compliance with these applicable laws and regulations is costly, and failure to comply could subject us to, among other things, legal liability, fines, suspension of production, a loss of license to operate certain facilities and other sanctions, unexpected interruptions to operations, securities litigation and a general loss of investor confidence, any one of which could have a material adverse impact on our business prospects, financial condition and results of operations as well as the market value of our H Shares. Furthermore, future developments such as new and more restrictive or changes to existing laws and regulations relating to, among other areas, the environmental, occupational health and safety and labor practices, more aggressive enforcement of existing laws and regulations or the discovery of presently unknown environmental conditions may require us to make material changes to our offerings and operations or require additional expenditures, which could have an adverse effect on our business, financial condition and results of operations.

Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.

We operate in various regulated industries and we are required to comply with the applicable laws, rules and regulations applicable to our operations. Meanwhile, we are required to obtain and comply with various approvals, licenses and permits from administrative authorities and industry associations. Each approval is dependent on the satisfaction of certain conditions and failure to obtain governmental approvals could have an adverse effect on our operations. We are also subject to inspections, examinations, inquiries and audits by governmental authorities as part of the process of maintaining or renewing our permits, licenses or certificates. There can be no assurance that we will be able to fulfill the pre-conditions necessary to obtain the required governmental approvals or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to our operations. Any failure to comply with any applicable laws, rules or regulations, or obtain or renew our licenses, permits and approvals could disrupt our operations and any fines or other penalties imposed by the PRC government could materially and adversely affect our business, financial conditions and results of operations.

In addition, the laws and regulations on fintech solutions industries and the licensing and permit requirements pertaining to companies operating in these industries, are constantly evolving and subject to the interpretation of the competent authorities. As a result, we may be subject to more stringent regulatory requirements due to developments in the political or economic policies in the relevant jurisdictions or the periodic revisions in the interpretation of relevant laws and regulations. We cannot assure you that we will always be able to ensure full compliance with newly issued laws or regulations in time, or maintain our existing licenses or obtain new ones required for conducting our business in all jurisdictions where we operate or have business presence. Compliance with newly imposed requirements can be onerous and expensive, and may otherwise adversely affect our business, results of operations and financial condition. If any government considers that we are operating without the proper licenses or permits or promulgates new laws and regulations that require additional licenses or permits or imposes additional requirements on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by such government may have a material and adverse effect on our business, financial condition and results of operations.

Our lease agreements have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register lease agreements may expose us to potential fines.

We have not registered a portion of our lease agreements with the relevant government authorities. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant government authority executed leases. The failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed time frame. See "Business — Properties — Leased Properties".

We are exposed to the risk of information and data leakage of customers and their clients.

We do not collect or store any confidential information regarding our customers or their clients. We generally provide solution implementation and technical and maintenance services at our customers' premises. During the course of our operation, our on-site project execution personnel may have access to certain proprietary or confidential information pertaining to our customers or their businesses and clients while they perform their duties to our customers. See "Business — Compliance with Laws and Regulations — User Privacy and Data Protection." We also enter into confidentiality agreements with our employees who have access to any customer information and data. The confidentiality agreements generally provide that, among others, these employees are legally obligated not to share, distribute or sell the confidential information to any third parties.

Despite our efforts to safeguard customer information and data, there is no guarantee that we can successfully prevent information and data leakage. Any failure or perceived failure of our privacy-related obligations to customers or other third parties, any privacy laws or regulations, or any compromise of security such as misconduct by our employees that results in the unauthorized release or transfer of personal information or other customer data, may result in governmental enforcement actions, litigation or public statements against us by our customers or others, cause harm to our customers and hurt our reputation, and thus may materially and adversely affect our business, results of operations and financial condition.

Our business may be subject to seasonal effects, and any disruption of business during any particular seasons could adversely affect our liquidity and results of operations.

Our business generally experiences some effects of seasonal variations. Some of our major customers tend to enter into contracts with us and/or conduct the inspection and other procedures for acceptance of our services under many contracts entered into with us in the fourth quarter of a year due to their internal procurement procedures and approval and payment process, which may result in a fluctuation of our revenue. Our revenue also fluctuates due to other factors affecting our income such as the general economic environment in China. The seasonality changes may cause fluctuations in our financial results and any occurrence that disrupts our business during any particular seasons could have a disproportionately material adverse effect on our liquidity and results of operations.

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

Our business could be affected by force majeure events, natural disasters, acts of war or terrorism, or other adverse public health developments, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic, including the Severe Acute Respiratory Syndrome or SARS, the H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1) and COVID-19 and its variants, or the occurrence of other incidents, such as environmental accidents, power shortage or communication interruptions. Any natural disasters, epidemics and other outbreaks that are beyond our control may be expected to affect the economy, restrict the level of business activities in the affected areas and directly impact our and our customers' operations, including straining facilities and employees, exposing employees to personal risks, temporarily closing office spaces, imposing additional health or safety measures upon office spaces, or exposing us to potential liabilities for actions taken or not taken.

We may not be able to obtain additional capital when desired on favorable terms.

We may require additional cash resources due to evolved business conditions or other future developments. If our current cash resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity, equity-linked or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and may result in operating and financing covenants that would restrict our operations and liquidity.

In addition, our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- [**REDACTED**] perception of, and demand for, securities of companies like us;
- conditions of the capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- the development of PRC laws and regulations on the IT solution industry in China;
- economic, political and other conditions in China; and
- PRC governmental policies relating to foreign currency borrowings.

We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. Any failure to raise additional funds on commercially reasonable terms could have a material adverse effect on our liquidity and financial condition.

Our results of operations, financial conditions and prospects may be adversely affected by the recoverability of our trade receivables as we are exposed to credit risk from some of our customers.

Our business operations are subject to the risk of payment deferrals and/or defaults by our customers. Our customers generally make payments to us via bank transfers pursuant to the payment schedule as provided in the contracts, the schedule of which are specified by terms of sales agreements. Generally, such payments for the sales of our products and services may be scheduled to: (i) payment after contract signing and our commencing the provision of services; (ii) payment after inspection and final testing; and (iii) payment upon the lapse of the warranty period specified, which generally ranges from one year to three years. However, we incur costs associated with a project, primarily including staff costs relating to project execution and software development, electronic equipment and certain project implementation expenses, on an ongoing basis from the beginning. As a result, we are required to make prepayments for certain project costs and expenses before receiving sufficient payments from our customers.

During the Track Record Period, we recorded trade receivables of RMB1,285.1 million, RMB1,166.8 million and RMB785.6 million in 2022, 2023 and 2024, respectively. Our trade receivables turnover days in 2022, 2023 and 2024 were 113 days, 95 days and 103 days, respectively. We recorded trade receivables from certain customers with whom we have maintained a long-term business relationship, and we consider them to be in good standing and have strong creditworthiness. However, such customers normally have stricter internal payment and settlement processes, which have led to a longer payment cycle of such customers. For more details, see "Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Assets — Trade Receivables."

We are thus exposed to the risk that customers may delay or even be unable to pay when payment schedules are reached or upon completion of contracts. These may put our cash flow and working capital under pressure. We cannot assure you that we will be able to fully recover the outstanding amounts due from our customers in a timely manner pursuant to the payment schedules listed in our agreements, or at all. If we fail to receive such outstanding amounts from customers in full amounts or in a timely manner, or at all, then our liquidity might be worsened, our investment ability in the research and development of our solutions might be hampered, and our business and financial conditions will be materially and adversely affected. If we are unable to collect our bills in a timely manner or at all, we could be in default of our payment obligations and may not be able to implement our business strategies as planned. As a result, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to perform our contractual obligations, our liquidity and financial positions may be materially and adversely affected in the future.

Our contract liabilities primarily represent the advance consideration received from our customers before we transfer the related goods or services. Our contract liabilities were RMB621.3 million, RMB432.8 million and RMB564.3 million as of December 31, 2022, 2023 and 2024, respectively. If we fail to fulfill our obligations with respect to our contract liabilities, we may not be able to convert such contract liabilities into revenue as expected. Furthermore, if we fail to fulfill our obligations with respect to our contract liabilities, our customers may request not to prepay us in the future. Any of these circumstances could materially and adversely affect our business, results of operations, cash flow and liquidity condition.

Failure to obtain government grants or preferential tax treatments that may be available to us, or the discontinuation, reduction or delay of any of the government grants or preferential tax treatments currently enjoyed by us in the future could materially and adversely affect our business, results of operations and financial condition.

During the Track Record Period, we received certain government grant and preferential tax treatments many of which are non-recurring in nature or are subject to periodic review. In 2022, 2023 and 2024, the government grants we recognized as other income amounted to RMB21.8 million, RMB14.5 million and RMB42.5 million, respectively. In addition, we and a number of our subsidiaries were recognized as "high and new technology enterprise" (高新技術企業) and was entitled to a preferential income tax rate of 15.0% compared to the standard rate of 25.0%. Some of our subsidiaries also enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. Moreover, we currently are entitled to enjoy VAT refunds for the sale of our self-developed software products with the actual VAT burden exceeding 3%.

Nevertheless, government authorities may decide to reduce or cancel such VAT refunds or tax preferences at any time. The discontinuation, reduction or delay of these governmental grants or preferential tax treatment could adversely affect our results of operations and financial condition. In addition, we might not be able to successfully or timely obtain the government grants or preferential tax treatments that may be available to us in the future, and such failure could adversely affect our results of operations and financial condition.

RISKS RELATED TO DOING BUSINESS IN THE PRC

The economic and social conditions in the PRC could affect our business, results of operations, financial conditions and prospects.

During the Track Record Period, a majority of our revenue was derived from our businesses in the PRC. Accordingly, our business, financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. In particular, factors such as consumer, corporate and government spending, business investment, level of economic development, and resource allocation could affect the growth of our business.

The PRC economy has experienced significant growth over the past decades since the implementation of China's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in the PRC changes, our business in PRC may also be affected.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with capital raising activities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions enhanced administration and supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC released the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**"), together with five interpretative guidelines thereof, which became effective on March 31, 2023. The Trial Measures comprehensively improved and reformed the prior regulatory regime for overseas offering and listing of securities of PRC domestic companies, and regulated both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. According to the Trial Measures, any future share issuance or [**REDACTED**] after this [**REDACTED**] will also be subject to filing procedures of CSRC and we are also required to report certain material matters to CSRC after this [**REDACTED**]. However, we cannot assure you that we will be able to complete all filing requirements in time or at all.

Furthermore, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. We may not be able to comply with such additional requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial condition.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC, and a majority of our business, assets and operations are located in Mainland China. In addition, a majority of our Directors or members of our senior management reside in Mainland China, and a substantial portion of the assets of such Directors or members of our senior management are or may be located in Mainland China. As a result, it may be difficult, cumbersome, and time-consuming to effect service of process outside Mainland China upon us or such Directors or members of our senior management. Furthermore, an original action may only be brought in the PRC against us or our Directors and senior management if the actions are not required to be arbitrated by the PRC laws and upon satisfaction of the conditions for commencing a cause of action pursuant to the PRC civil procedure law. As a result of the conditions set forth in the PRC civil procedure law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether you will be able to bring an original action in China in this manner. Moreover, Mainland China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with many countries including the United States. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. As a result, recognition and enforcement in Mainland China or Hong Kong of a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

On July 3, 2006, the Supreme People's Court of China issued 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 Pursuant to Choice of Court Agreements between Parties Concerned (《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》) (the "**2008 Arrangement**"), which took effect in August 1, 2008. Pursuant to such arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2008 Arrangement. On January 25, 2024, the Supreme People's Court of China issued 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 "**2024 Arrangement**"), which took effect on January 29, 2024. The 2024 Arrangement will supersede the 2008 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2008 Arrangement will remain applicable to a "choice of court agreement in writing" entered into before the 2024 Arrangement taking effect. However, there remain uncertainties as to the outcome of any applications to recognize and enforce such judgments and arbitral awards in China.

Although we will be subject to the Hong Kong Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases upon the [**REDACTED**] of our H Shares on the Hong Kong Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Hong Kong Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. The Hong Kong Listing Rules and Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law in Hong Kong.

We may be adversely affected by the development and changes in the regulation of the fintech solution market in China.

The PRC government regulates the fintech solution market. The laws and regulations with respect to this industry are relatively new and evolving, and their interpretation and enforcement are continuously developing and improving. As a result, in certain circumstances, some actions or omissions of us may be deemed to be violations of applicable laws and regulations. As confirmed by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licences, permits, approvals and certificates from the relevant government authorities that are material for our business operations. However, new laws and regulations may be promulgated in China to regulate activities in the fintech solution industry. If these new laws and regulations are promulgated, certain licenses and/or cost of compliance may be required for our operations. If our operations are no longer in compliance with these new laws and regulations after they become effective, or if we fail to obtain any licenses required under these new laws and regulations, or if our solutions are not in compliance with related laws or regulations, we could be subject to various penalties, including fines and discontinuation of or restrictions on our operations in China. Any such disruptions in our business operations in China may have a material and adverse effect on our results of operations in China.

We are subject to regulations on currency conversion and risks relating to fluctuations in exchange rates.

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. 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, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

Fluctuations in the exchange rate of Renminbi against the Hong Kong dollar, the U.S. dollar and other foreign currencies are affected by, among other things, the policies of the PRC Government and changes in China's and international political and economic conditions. The [**REDACTED**] from the [**REDACTED**] will be denominated in Hong Kong dollars. As a result, any appreciation of Renminbi against the Hong Kong dollar, the U.S. dollar, or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets and our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of Renminbi may adversely affect the value of, and any dividends payable on our H Shares in foreign currencies. There are limited instruments currently available for us to reduce our foreign currency risk exposure at reasonable cost, and we have not utilized, and may not in the future utilize, any such instrument. All of these factors could materially and adversely affect our business, results of operations, financial condition and prospects, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

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

As is customary with all major economies, the PRC has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although during the Track Record Period, most of our business operations are in China, it is unclear whether dividends we pay with respect to our H Shares, or the gain realized from the transfer of our H Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident [**REDACTED**], the value of your [**REDACTED**] in our Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

RISKS RELATED TO THE [REDACTED]

We will be concurrently subject to PRC and Hong Kong [REDACTED] and regulatory requirements.

As we are listed on the Shenzhen Stock Exchange and will be [**REDACTED**] on the [**REDACTED**] of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

Our A Shares are listed on the Shenzhen Stock Exchange, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the Shenzhen Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and [**REDACTED**] bases, as well as different levels of retail and institutional [**REDACTED**] participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [**REDACTED**] decision in our H Shares.

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, and may not be an indication of the market price of our H Shares following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

The liquidity and market price of our H Shares may be volatile.

The market price and trading volume of our H Shares may be volatile and fluctuate materially due to various factors, such as the following:

- actual or anticipated fluctuations in our revenues and results of operations;
- news regarding the recruitment or loss of key personnel by ourselves or our competitors;
- announcements of competitive developments, acquisitions, or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts, regardless of the accuracy of the information on which their estimates are based;
- potential litigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- sales or perceived sales of additional H Shares by us or other Shareholders.

Moreover, the Stock Exchange and other securities markets have from time to time experienced material price and volume fluctuations that were unrelated, or not directly related, to the operating performance of specific companies. These broad market and industry fluctuations may have a material and adverse effect on the market price and trading volume of our H Shares. In addition, the volatility in the trading price and volume of our H Shares may negatively impact our ability to raise capital in the future through the issuance of additional equity securities.

You will incur immediate and substantial dilution and may experience further dilution if we [REDACTED] additional H Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, [**REDACTED**] of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. [**REDACTED**] of the [**REDACTED**] may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may [**REDACTED**] Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders' interests in our Company.

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

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

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

Certain facts, forecasts, and other statistics in this document are derived from various official government resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Joint Sponsors, [**REDACTED**] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

You should not place reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this document. As a result, prospective [**REDACTED**] in our H Shares are reminded that, in making their [**REDACTED**] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision. We strongly caution you not to rely on any information contained in press articles or other media coverage relating to us or the [REDACTED].

We strongly caution our [**REDACTED**] not to rely on any information contained in press articles or other media coverage regarding us or the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding us, our business, our industry, 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.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

We have declared dividends in the past. However, there is no assurance that we will declare dividends in the future. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations, and the calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. The declaration, payment and amount of our future dividends will depend upon our earnings and financial condition, operating requirements, capital requirements, applicable laws and regulations and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, and would require approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. For details, see "Financial Information — Dividends and Dividend Policy" in this document. There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. Our historical dividends should not be taken as indicative of our dividend policy in the future.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return. See "Future Plans and Use of [**REDACTED**]" for details of our intended use of [**REDACTED**]. However, our management will have discretion as to the actual application of our net [**REDACTED**]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the net [**REDACTED**] from this [**REDACTED**].

If securities or industry analysts do not publish research reports about us, or if they adversely change their recommendations regarding our H Shares, the market price and trading volume of our H Shares may decline.

The trading market of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the market price of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume of our H Shares to decline.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro-forma information and other matters. The words "aim", "anticipate", "believe", "could", "predict", "potential", "continue", "expect", "intend", "may", "might", "plan", "seek", "will", "would", "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance, and [**REDACTED**] should not place undue reliance.

In preparation of the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules provides that a new applicant for listing on the Stock Exchange must have a sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

Since our principal business and operations are substantially located, managed and conducted in the PRC, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for the Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

(i) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Hong Weidong (洪衛東), our executive Director, chairman of our Board, general manager and chief executive officer and Ms. Zhang Xiao (張瀟) ("**Ms. Zhang**"), one of our joint company secretaries. Ms. Zhang is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(ii) the authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;

(iii) all of our Directors have confirmed that they possess or can apply for and renew valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;

(iv) each of our Directors has provided his/her respective contact details, including office phone numbers, mobile phone numbers, email addresses and addresses, to the Stock Exchange and the authorized representatives. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the contact details and his/her place of accommodation to the authorized representatives;

(v) our Company has appointed Somerley Capital Limited as compliance advisor pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to the authorized representatives, our Directors and other senior management of our Company, and will act as an additional channel of communication with the Stock Exchange for the period commencing on the date of the [**REDACTED**] of our H Shares on the [**REDACTED**] and ending on the date when our Company distributes its annual report for the first full financial year in accordance with Rule 13.46 of the Listing Rules; and

(vi) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the compliance advisor of our Company or directly with our Directors within a reasonable time frame. The Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and/or its compliance advisor.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

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

(a) a member of The Hong Kong Chartered Governance Institute;

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

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

In assessing "relevant experience," the Stock Exchange will consider the individual's length of employment with the issuer and other issuers and the roles he or she played:

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

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

(c) professional qualifications in other jurisdictions.

We have appointed Ms. Zhou Fan (周帆) ("**Ms. Zhou**") as one of our joint company secretaries. Ms. Zhou joined our Group in November 2021 and is the secretary of our Board. Ms. Zhou is primarily responsible for capital markets, corporate governance, information disclosure, investor relations and shareholder management, as well as the organization and operation of the board and shareholders' meetings. Although our Company believes, having regard to Ms. Zhou's past experience in handling corporate matters, that Ms. Zhou has a thorough understanding of our Company and the Board, Ms. Zhou does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Ms. Zhang, who is a Hong Kong resident and possesses such qualifications, to be a joint company secretary to assist Ms. Zhou in the compliance matters for the [**REDACTED**] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [**REDACTED**]. For the biographies of our joint company secretaries, see "Directors and Senior Management — Joint Company Secretaries" in this document. Over such three-year period, we will implement measures to assist Ms. Zhou to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules.

The following arrangements have been, or will be, put in place to assist Ms. Zhou in acquiring the qualifications and experience required under Rule 3.28 of the Listing Rules:

(i) In preparation of the application of the [**REDACTED**], Ms. Zhou has attended training on the respective obligations of the senior managements and the Company under the relevant Hong Kong laws and the Listing Rules organized by the Hong Kong legal advisers to the Company.

(ii) Ms. Zhang will work closely with Ms. Zhou to jointly discharge the duties and responsibilities as the joint company secretaries of our Company and to assist Ms. Zhou to acquire the relevant experience as required under the Listing Rules for an initial period of three years from the date of the [**REDACTED**], a period which should be sufficient for Ms. Zhou to acquire the relevant experience as required under the Listing Rules.

(iii) Our Company will ensure that Ms. Zhou continues to have access to the relevant training and support in relation to the Listing Rules and the duties required for a company secretary of an issuer listed on the Stock Exchange. Furthermore, both Ms. Zhou and Ms. Zhang will seek advice from our Company's Hong Kong legal advisers and other professional advisers as and when required. Ms. Zhou also undertakes to take no less than 15 hours of relevant professional training in each financial year of our Company.

(iv) Before the end of the three-year period, the qualifications and experience of Ms. Zhou and the need for on-going assistance of Ms. Zhang will be further evaluated by our Company. Our Company will then endeavor to demonstrate to the Stock Exchange's satisfaction that Ms. Zhou, having had the benefit of the assistance of Ms. Zhang for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary. Our Company understands that pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants published by the Stock Exchange, the waiver will be revoked by the Stock Exchange if Ms. Zhou is no longer assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules during the three-year period or where there are material breaches of the Listing Rules by our Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. Prior to the expiry of the three-year period, our Company will liaise with the Stock Exchange to enable it to assess whether Ms. Zhou has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules.

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the [**REDACTED**]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirements under the Listing Rules. For further details, see "Continuing Connected Transactions."

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Hong Weidong (洪衛東)	Room 702, Building 8, Puhui Nanli, Haidian District Beijing, PRC	Chinese
Ms. Wu Hong (吳紅)	Room 103, Building 7A, Zhongguancun, Haidian District, Beijing, PRC	Chinese
Mr. Dai Steve Shiping (戴士平)	No. 6, Chaoyang Gongyuan South Road, Chaoyang District, Beijing, PRC	American
Non-executive Director		
Mr. Song Kaiyu (宋開宇)	23 Marina Way, Marina One Residences, #08-21, Singapore	Australian
Independent non-executive Directors		
Mr. Li Jun (李軍)	Room 601, Unit 1, Building 6, Heqingyuan Residential Area, Haidian District, Beijing, PRC	Chinese
Mr. Li Feng (李鋒)	No. 30, Neiwubu Street Hutong, Dongcheng District, Beijing, PRC	Chinese
Ms. Wang Xia (王霞)	Room 101A, Gate 2, 1/F, Building 7, Kouzhong Beili Community, Xicheng District, Beijing, PRC	Chinese
Ms. Li Hua (李華)	Room 1810, Building 10, Zhichun Dongli Community, Haidian District, Beijing, PRC	Chinese
Prof. Zhang Xiaoquan (張曉泉)	Flat A, 6/F, Residence 12, Chinese University of Hong Kong, Hong Kong	Chinese

For further details, see the section headed "Directors and Senior Management" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors and [REDACTED] *(in no particular order)*	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong
	BNP Paribas Securities (Asia) Limited 60/F. and 63/F. Two International Finance Centre 8 Finance Street Central Hong Kong

[REDACTED]

Legal Advisors to the Company	*As to Hong Kong law:* **Jingtian & Gongcheng LLP** Suites 3203-3207, 32/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong, China *As to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Beijing 100025, PRC
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong laws:* **Tian Yuan Law Firm LLP** Room 3304-3309, 33/F, Jardine House 1 Connaught Place, Central Hong Kong *As to PRC law:* **Tian Yuan Law Firm** Suite 509, Tower A, Corporate Square 35 Financial Street, Xicheng District Beijing, PRC
Auditor and Reporting Accountants	**BDO Limited** *Certified Public Accountants* 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B, Jing'an International Center 88 Puji Road Jing'an District, Shanghai PRC
Compliance Advisor	**Somerley Capital Limited** 20/F China Building 29 Queen's Road Central Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	Room R2223, 2/F, Building 3 No. 18 Keyuan Road Economic Development Zone Daxing District, Beijing, PRC
Headquarters and Principal Places of Business in the PRC	5-6/F East A2 Building Electronic City R&D Center No. 9 Jiuxianqiao East Road Chaoyang District Beijing, PRC Room 2601, 26/F, China World Tower A No. 1 Jianguomenwai Avenue Chaoyang District Beijing, PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong
Company Website	www.yusys.com.cn *(the information contained on this website does not form part of this Document)*
Joint Company Secretaries	Ms. Zhou Fan (周帆) Room 2601, 26/F, China World Tower A No. 1 Jianguomenwai Avenue Chaoyang District Beijing, PRC Ms. Zhang Xiao (張瀟) *(Associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong

CORPORATE INFORMATION

Authorized Representatives	Mr. Hong Weidong (洪衛東) Room 702, Building 8 Puhui Nanli Haidian District Beijing, PRC
	Ms. Zhang Xiao (張瀟) 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Audit and Risk Control Committee	Ms. Wang Xia (王霞) *(Chairperson)* Ms. Li Hua (李華) Mr. Song Kaiyu (宋開宇)
Remuneration and Evaluation Committee	Mr. Li Feng (李鋒) *(Chairperson)* Ms. Wu Hong (吳紅) Mr. Li Jun (李軍)
Nomination Committee	Mr. Li Jun (李軍) *(Chairperson)* Mr. Hong Weidong (洪衛東) Ms. Li Hua (李華)
Strategy Committee	Mr. Hong Weidong (洪衛東) *(Chairperson)* Mr. Li Jun (李軍) Mr. Li Feng (李鋒)
Compliance Advisor	**Somerley Capital Limited** 20/F China Building 29 Queen's Road Central Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

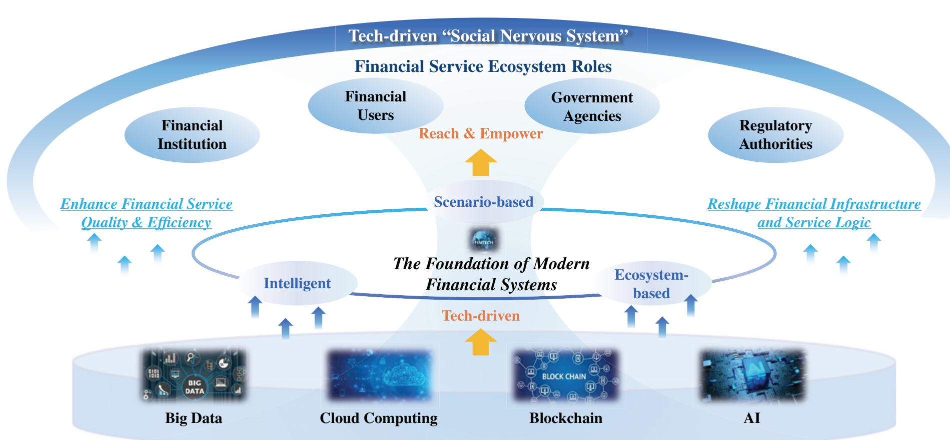
Principal Banks	**Bank of Beijing Zhongguancun Science Park Branch** 1/F, Block B, Haidian Culture and Art Building No. 28 A Zhongguancun Street Haidian District Beijing, PRC
	China Merchants Bank Beijing Branch Beisanhuan Sub-branch 1/F, Tower D, Global Trade Center No. 36, Beisanhuan East Road Dongcheng District Beijing, PRC

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by CIC, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the [**REDACTED**]. *The information from official government Source has not been independently verified by us, the Joint Sponsors and* [**REDACTED**], *any of the* [**REDACTED**], *any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

OVERVIEW OF THE GLOBAL TECHNOLOGY SOLUTION FOR FINANCIAL INSTITUTIONS MARKET

As the financial industry gradually evolves from a service sector to a technology-driven "social nervous system," financial services have become deeply integrated into all aspects of society. The demand for digital and intelligent transformation or product upgrades in the financial services ecosystem continues to grow among global financial institutions, financial customers, government agencies, and regulatory bodies. Currently, with the acceleration of technological iterations, especially the convergent breakthroughs in big data, cloud computing, blockchain, AI, and other technologies, the technology solution for financial institutions market is entering a new development stage characterized by scenario-based applications, intelligence and ecosystem integration, playing an increasingly critical strategic role in the global financial services landscape. The widespread reach and efficient operation of financial institutions rely on the support of fintech solutions. Fintech solution providers not only enhance the quality and efficiency of financial services but also deeply reshape financial infrastructure and service logic, increasingly becoming a crucial foundation of the modern financial system.

Technology Solutions for Financial Institutions Playing a Key Role Driven by Technologies

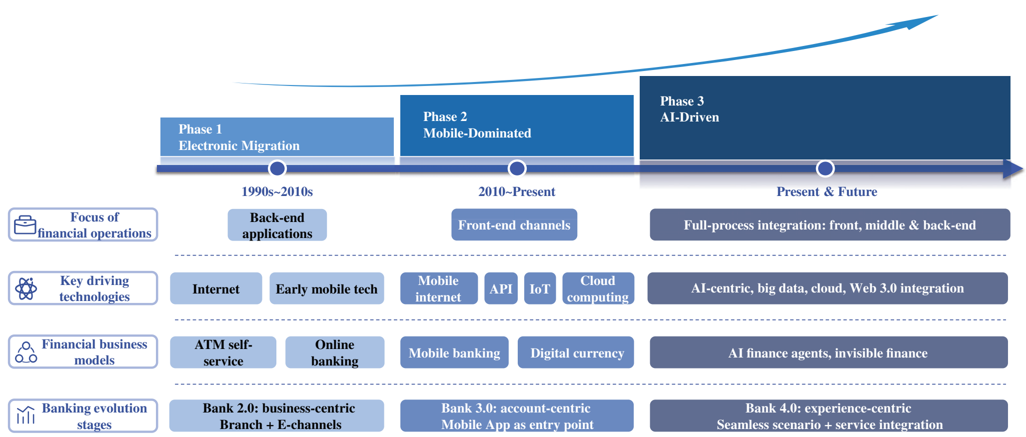


Source: CIC

Development History of the Technology Solution for Financial Institutions Market

With the continuous deepening of the digital and intelligent transformation process, technology solution for financial institutions market will enter the AI-driven intelligent stage and enter a period of rapid development. The digital and intelligent transformation development stage in China's financial market is ahead of the global average, and leading participants will apply their proven practices in other regions around the world, providing valuable references for the global development of technology solution for financial institutions market.

Development History of the Technology Solution for Financial Institutions Market



Source: CIC

- **Phase 1: Electronic Migration Phase (1990 to 2010).** This phase was driven by Web 1.0, Web 2.0, early communication technologies, and information technologies, focusing on the development of back-end financial systems. The main goal was to expand banking services from purely physical branches to digital channels. Technology solution for financial institutions market essentially involved delivering bank-led, transaction-based services through new electronic channels to customers, with core processes remaining unchanged. Representative applications during this phase included ATMs, POS terminals, online banking, core banking transaction systems, credit systems, and clearing systems. The application of these technologies and products significantly enhanced the operational efficiency of financial institutions, reduced manual errors, and laid the foundation for subsequent digital and intelligent transformation.

- **Phase 2: Mobile-Dominated Phase (2010 to Present).** This phase was driven by mobile internet, APIs, IoT, cloud computing, and other technologies, focusing on the mobile transformation of front-end service channels, with mobile apps becoming the primary access point and core experience carrier for banking services. Technology solution providers for financial institutions leveraged mobile, cloud, and API technologies to empower financial institutions to offer more efficient and convenient account-centered services, embedding banking services into everyday scenarios. Representative applications during this phase included mobile banking apps, new payment solutions, retail online lending platforms, robo-advisors, and big data platforms. At the same time, RPA technology combined with early AI technologies such as OCR and basic NLP techniques to process semi-structured data. Application scenarios expanded to customer account review, anti-money laundering screening, and compliance reporting, significantly improving the efficiency of certain processes and the consistency of channel experiences. However, these solutions still lacked advanced cognitive and decision-making capabilities, making it difficult to handle complex business logic. During this period, the penetration of fintech rapidly increased, becoming the main driver for supporting and advancing financial services, significantly enhancing convenience and accessibility, and the concept of inclusive finance began to take root.

- **Phase 3: AI-Driven Phase (Present and Future).** Financial services are entering an era of intelligent transformation, driven by AI technology at the core, with deep integration of big data, cloud computing, and Web 3.0 technologies. This phase accelerates the move towards "ubiquitous and seamless services." Large AI models will be deeply embedded into key scenarios such as credit, risk control, investment advisory, and regulation, evolving into financial AI Agent with understanding, generation, and decision-making capabilities. These systems will enable millisecond-level responses and intelligent handling of complex tasks, fundamentally reshaping the operational logic and decision-making systems of financial institutions. Meanwhile, Open Banking will expose banking capabilities as "plug-and-play" service components through standardized APIs, driving the transformation of services from closed systems to embedded solutions, from channels to ecosystems, and building a composable and scalable financial service system. Fintech solutions will no longer be passive operational tools but will actively drive business transformation as intelligent engines, reconstructing end-to-end technology applications across front-, middle-, and back-office operations, and building a financial services ecosystem that is an open, modular, and grounded in data-driven, and AI-powered autonomy. The leaders in this phase are typically a few companies with deep technology capabilities and ecosystem-building capabilities, such as Yusys Technologies, which is driving the ongoing evolution of the industry paradigm through both internal innovation and external collaboration.

Definition and Classification of Technology Solution for Financial Institutions Market

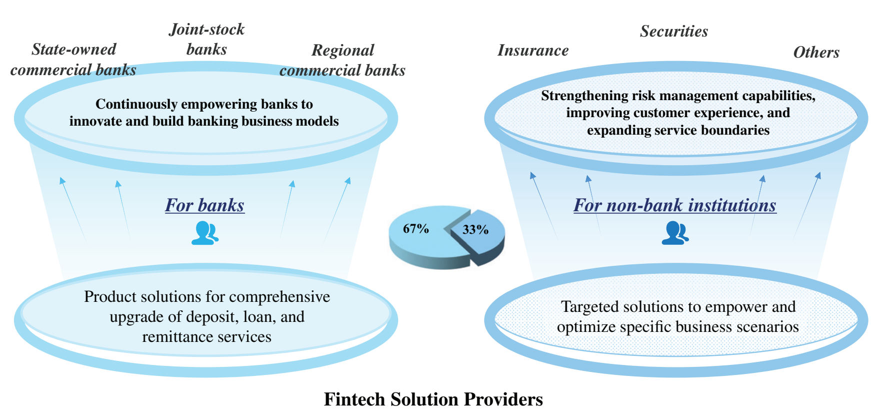
Technology solution for financial institutions market refer to the provision of software, hardware, and ancillary services to financial institutions by leveraging technologies such as information technology (IT), big data, cloud computing, blockchain, and AI in order to help them enrich service content, enhance the efficiency of financial services, reduce costs and manage risks arising from financial service, thereby serving and accelerating the digital and intelligent transformation of the global financial market. Fintech solutions cover the entire industry chain, entire enterprise lifecycle, entire business processes, and all data dimensions, achieving full-chain empowerment and support for financial institutions. As a technology-driven financial innovation paradigm in the digital and intelligent era, fintech solutions are gradually becoming the core driver behind the construction of modern financial systems, driving the systemic upgrading of financial practitioners, production factors, customers, and their combined models.

Based on key technologies such as AI, blockchain, cloud computing, IoT, fintech solution providers implement differentiated strategies in product design by analyzing client types across multiple dimensions, including institutional size, customer base characteristics, and regulatory positioning:

For Banks, including state-owned commercial banks, joint-stock banks, and regional commercial banks, fintech solution providers offer comprehensive product solutions for upgrading their business operations around "deposit, loan, and remittance," continuously empowering them to innovate and build banking business models that cover the entire customer lifecycle.

For non-bank financial institutions, including insurance, securities, asset management, and other emerging financial institutions, fintech solution providers empower a wide range of financial institutions by offering targeted solutions for their specific business scenarios, enhancing operational efficiency, strengthening risk management capabilities, improving customer experience, and expanding service boundaries.

Differentiated Technology Solutions for Financial Institutions by Client Type



Source: CIC

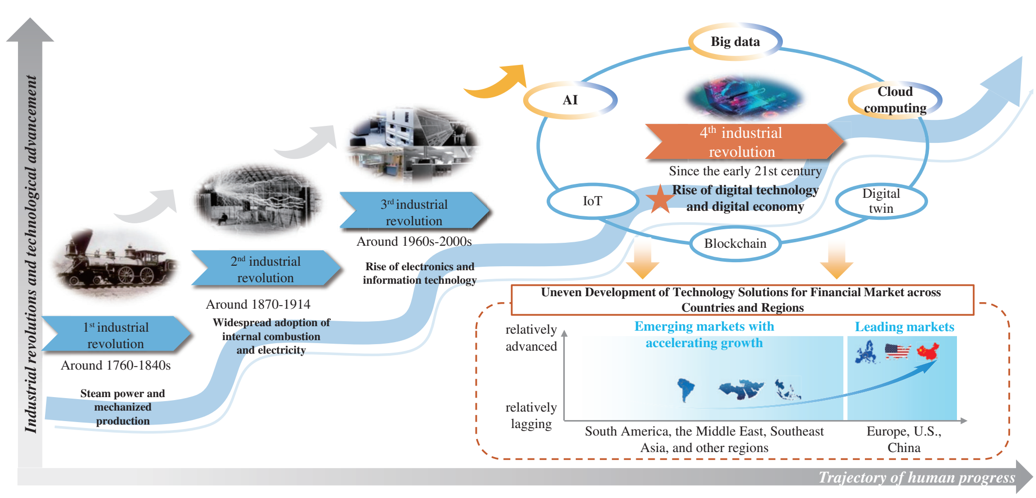
Note: The % shown in the diagram represent the share of the 2024 market size for technology solution for financial institutions market provided to the respective client segments, relative to the total global market size for such solutions.

Current Landscape Analysis of the Technology Solution for Financial Institutions Market

During the critical period of accelerated digital and intelligent transformation of global financial institutions, China, the U.S., Europe and emerging markets are demonstrating varying degrees of progress in technological infrastructure upgrades and distinctive business needs. Despite divergent pathways, all prioritize IT infrastructure innovation, big data utilization, cloud computing, blockchain-based trust mechanism, and AI applications as core drivers, which establish a common framework centered on "technology foundation + business empowerment" for digital and intelligent advancement.

Amid the rise of transformative technologies like generative AI (GenAI), fintech solutions are evolving rapidly. In regions with relatively advanced financial services, institutions are progressively shifting their mindset. They aim to continuously strengthen their technological capabilities and enhance technology-empowered financial services, thereby fueling sustained business expansion. Currently, the inclusiveness of global financial services still requires further improvement. While digital transformation among financial institutions in emerging markets like Southeast Asia and the Middle East is still in its early stages, these regions demonstrate strong transformation demand, presenting vast market opportunities for the technology solution for financial institutions market. China's leading fintech solution providers have emerged as global pioneers, leveraging profound technical expertise, mature product ecosystems, and one-stop service capabilities honed in their domestic market. These players are now targeting Southeast Asia, the Middle East, and other emerging markets as strategic footholds. Through technology exports, model innovation, and localization adaptation, they are successfully replicating the solutions proven in China internationally, contributing Chinese wisdom and strength to advance the inclusive growth of global fintech and improve the financial service ecosystems.

Uneven Development of the Global Technology Solution for Financial Institutions Market

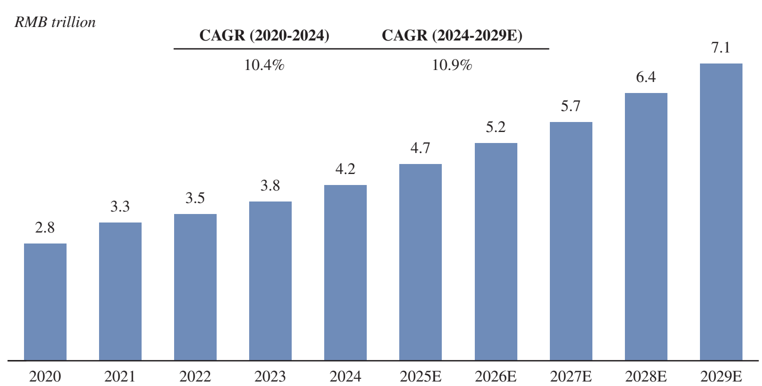


Source: CIC

Global Technology Spending of Financial Institutions

Technology spending of financial institutions includes software, hardware, and related services. It delivers advanced data analytics technologies and business intelligence tools. These capabilities enhance institutional commercial insights, support decision-making processes, and are underpinned by vast market potential. According to CIC, global technology spending of financial institutions grew from approximately RMB2.8 trillion in 2020 to RMB4.2 trillion in 2024 at a CAGR of 10.4%. As global financial market continue to expand, technology spending of financial institutions is projected to accelerate further, rising at a CAGR of 10.9% to reach RMB7.1 trillion by 2029.

Global Technology Spending of Financial Institutions, 2020-2029E



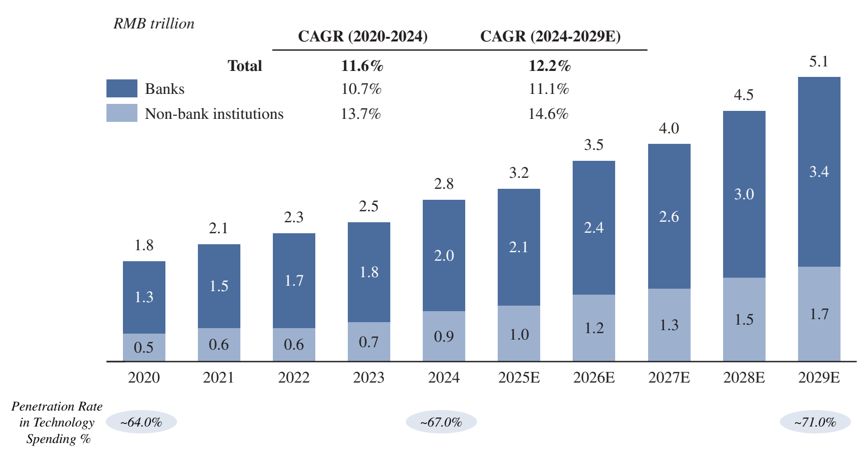
Source: International Monetary Fund, Asian Financial Cooperation Association, Bureau of Economic Analysis, CIC

As financial institutions increasingly ramp up technology investments, next-generation core systems, mobile channels, and payment clearing systems have become standard digital-intelligent infrastructure of financial institutions. Enabled by ongoing technological advancements and product iterations, financial institutions have been able to expand their overall business, achieving a full-cycle integration of business and technology across front-end services, mid-office operations, and back-end support. Technology spending has evolved into a form of strategic infrastructure-crucial for ensuring business continuity, enabling agile responsiveness, and enhancing compliance management-becoming a rigid demand in the transformation toward technology-driven business models.

Market Size of Global Technology Solution for Financial Institutions Market

Technology spending of financial institutions comprises both internal investments and services provided by third-party fintech solution providers, with the latter constituting the fintech solution market discussed herein. According to CIC, fintech solution market accounted for 67.0% of global technology spending of financial institutions in 2024, a share projected to rise to 71.0% by 2029. The global technology solution for financial institutions market grew from RMB1.8 trillion in 2020 to RMB2.8 trillion in 2024 at a CAGR of 11.6%. The role of fintech solutions have evolved from passive support to deep integration within business processes, actively empowering operational advancement. Concurrently, institutions are proactively adopting AI technologies, deploying financial large language models and building AI capability clusters to maintain competitive edges. These drivers, amplified by accelerated development in emerging markets, are fueling faster expansion of the global technology solution for financial institutions market. According to CIC, the market is projected to reach RMB5.1 trillion in 2029 at a CAGR of 12.2% from 2024 to 2029, outpacing the previous five-year growth trajectory.

Market Size of Global Technology Solution for Financial Institutions Market by Client Type, Global, 2020-2029E



Source: International Monetary Fund, Asian Financial Cooperation Association, Bureau of Economic Analysis, CIC

Drivers of Global Technology Solution for Financial Institutions Market

The Growing Maturity of AI-centric Core Fintech Technologies. The demand of financial institutions for online and automated financial services has significantly increased. The development of key financial technologies is driving the innovation of financial services. For example, the "3V" characteristics of big data technology — Volume, Velocity and Variety — enable it to handle larger and more complex datasets. By integrating internal and external data, it solves problems that traditional software cannot address. Cloud computing technology provides financial institutions with flexible, convenient, and efficient data access space, ensuring the security of financial data, accelerating the speed of new product development, and reducing the fixed costs of hardware and maintenance. Blockchain technology records and stores data in a decentralized and immutable way, ensuring the reliability and transparency of financial data, especially, its immutability ensures that transaction data, once recorded, cannot be modified, effectively reducing fraud risks. The application of AI technology helps financial institutions improve the efficiency of analyzing and processing large amounts of data, providing accurate predictions and recommendations, achieving automated continuous correction and evolution functions, thereby improving decision-making efficiency. Among them, the AI large model service system can help achieve functions such as intelligent customer service, investment advisory, and risk identification, improving customer experience and risk management levels. Currently, key technologies represented by AI are driving financial institutions to accelerate their transition to a new stage.

Financial Institutions Accelerating the Shift Towards the AI-Empowered Bank 4.0 era. Amid rapid fintech advancements, the banking industry is progressively entering the Bank 4.0 phase, where AI and other fintech technologies enable real-time intelligent and embedded financial services. This fuels the continuously growing demand for fintech solutions across the industry. Concurrently, banks are shifting from an account-centric operational model to a customer-centric one. By integrating data from multiple channels, such as mobile platforms, banks eliminate departmental silos and strengthen unified middle/back-office data infrastructure. Thereby, banks facilitate precision marketing and personalized services. Fintech solutions provide robust technological support that optimizes middle and back office processes, enhances data governance capabilities, and drives breakthroughs in risk control and targeted marketing. Financial institutions now demand more than passive technological support. They require deep integration of fintech across entire operational workflows, evolving from project-based implementations to synergetic operations. This evolution constructs comprehensive financial ecosystem networks to achieve holistic empowerment across all operational domains.

The Diversified Evolution of Global Financial Institutions Driving the In-Depth Development of Fintech. The global financial institution system exhibits a highly diversified and differentiated structure, encompassing commercial banks, investment banks, policy banks, credit cooperatives, digital banks, as well as non-bank financial institutions such as insurance, securities, and asset management. Commercial banks primarily focus on traditional services such as deposit-taking, lending, and payment settlement, while investment banks center around capital market services. Policy banks undertake state-directed financing tasks, and digital banks operate mainly online, offering agile and customized services to specific customer groups. Additionally, the number of financial institutions continues to grow steadily. For example, in the case of banks, the number of commercial bank branches per 100.0 thousand adults has increased from 10.4 in 2020 to 12.3 in 2023, with a CAGR of approximately 5.8%. The increasing complexity and refined specialization of financial institutions provide vast scenarios for the application of fintech and drive its continuous development in areas such as functional integration, service adaptation, and technology implementation.

Clients' Robust Demand for Digital and Intelligent Transformation Driven by the In-depth Integration of Business and Technology. Significant shifts have occurred in both service delivery models and client expectations of financial institutions in developed markets. Traditional offline branches and ATMs are declining, while front-office operations are migrating online, indicating clients are increasingly seeking intelligent, convenient financial services. Taking China as an example, according to National Financial Regulatory Administration, mobile banking usage reached 88.0% among individual users in 2024, indicating fairly advanced digital and intelligent adoption in retail financial services. Simultaneously, institutional clients demonstrate substantially growing demand for digital and intelligent solutions, particularly for online and automated services. This includes cloud-based treasury management systems, intelligent supply chain finance solutions, and API-driven open banking services. Institutional clients place special emphasis on security and compliance in digital solutions, with particularly pronounced demand for digital and intelligent technology solutions featuring blockchain-based record preservation and AI-powered risk control.

System Security and Stability Becoming Increasingly Critical. Given the high costs and risks involved, financial institutions are progressively migrating core business systems from traditional centralized architectures to distributed frameworks. This transformation overcomes the limitations of conventional IT infrastructure and operations that were historically planned based on peak performance requirements, enabling institutions to meet heightened demands for burstable scalability and massive concurrency, thus achieving synergistic enhancements in security, resilience and efficiency.

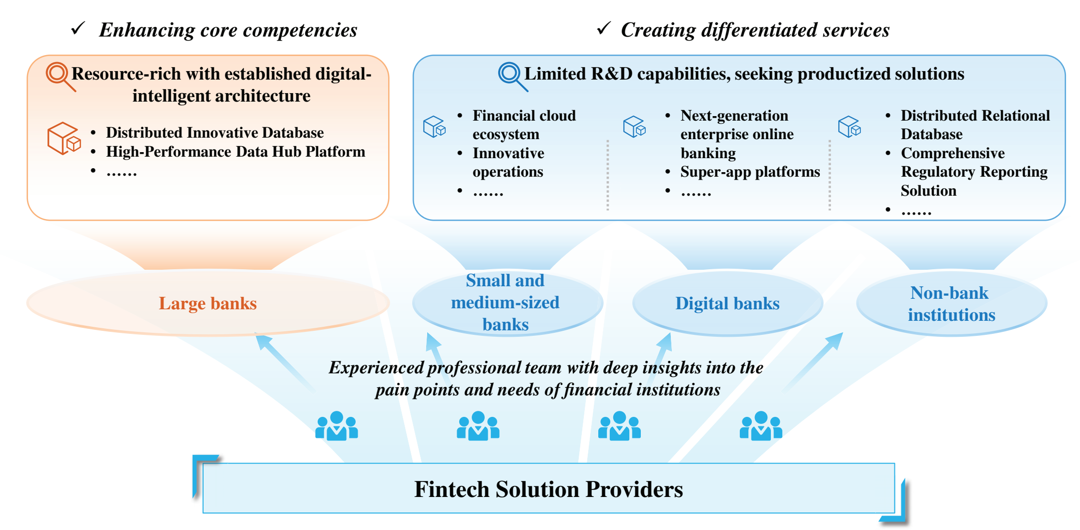
Digital Infrastructure Upgrades Fueling Intelligent Transformation. Continual advancements in digital infrastructure, including 5G, mobile internet, and data centers, are accelerating intelligent development. For instance, the proliferation of mobile internet enables financial services via mobile applications accessible anytime and anywhere, driving unprecedented convenience. Financial institutions' service terminals enable precision marketing and personalized services through data acquisition and analytics. Concurrently, the adoption of technologies such as cloud computing and distributed storage satisfies institutional requirements for data storage, processing, and analysis, while enhancing data security and reliability. On one hand, 5G deployment across regions with advanced infrastructure such as China, Europe and the U.S., establishes high-efficiency connectivity networks, providing robust foundations for AI-driven financial scenario innovations. On the other hand, evolving infrastructure in developing regions lays solid groundwork for the intelligent development of local fintech.

Trends for Global Technology Solution for Financial Institutions Market

Technological Innovation as a Key Driver of Digital and Intelligent Transformation. Distributed technologies, with superior security and stability, effectively address system pressure in high-concurrency scenarios, providing robust support for seamless business operations and demonstrating strong competitiveness. Meanwhile, the deep integration and widespread application of cutting-edge technologies, such as AI, big data, and blockchain, are accelerating the digital and intelligent transformation of financial services. Through the extensive adoption of distributed technology, AI, big data, blockchain and other technologies, the technology solution for financial institutions market will achieve a quantum leap in digital intelligence and inclusiveness. This progress will empower financial institutions to enhance risk assessment precision, improve efficiency in customer insights and strengthen security in transaction processing.

Business Model Shifting from Traditional Homogeneous Services to Differentiated and Specialized Offerings. During the process of digital and intelligent transformation, financial institutions of different sizes exhibit differences in target customers, business types, and service models, and their digital development characteristics and demands for technological products also show corresponding variations. Large banks, leveraging their resource advantages and the accumulation of long-term cooperation with fintech solution providers, have already established a comprehensive digital and intelligent architecture. In the process of continuously refining business granularity and creating enhanced and expanded services, large banks are upgrading distributed innovative databases and building high-performance data integration platforms through fintech solution providers to improve operational efficiency, meet increasingly diversified and complex customer financial demands, and enhance core competitiveness. In contrast, small and medium-sized banks and non-bank financial institutions, due to their relatively weaker ability to integrate technical support, often need to rely on the practical experience of fintech solution providers in large banks, seeking productized solutions to achieve technological upgrades, intelligent business process reengineering, and the precise supply of localized, feature-rich services. Leading fintech solution providers are actively exploring new business models, such as financial cloud collaborations and innovative operational services, to empower small and medium-sized banks and non-bank institutions to enhance their operational efficiency. This continued reliance on professional fintech solution providers will become the key to helping small and medium-sized banks and non-bank institutions create differentiated services and achieve leapfrog development in the wave of digital and intelligent transformation.

Divergent Demands for Fintech Solutions across Financial Institutions



Source: CIC

Intelligent Application Innovation Fueling Business Growth and Efficiency. Both retail and institutional clients increasingly demand intelligent financial services. In response, financial institutions are upgrading their offerings, including AI-driven credit assessment, intelligent marketing, automated loan management, virtual banking services, AI-powered outbound calls, and mobile workstations. Taking smart credit and marketing as examples, institutions are actively developing digital customer acquisition tools, smart risk control systems and marketing automation solutions, thus reducing customer acquisition costs and enhancing risk management efficiency. Moreover, in traditionally labor-intensive work processes, intelligent tools are gradually replacing manual labor, enabling streamlined operations and significant efficiency gains.

Rising Market Concentration and Intensifying Matthew Effect among Leading Participants. Global financial institutions are currently evolving with structural transformation as the main theme. The wave of mergers and acquisitions in U.S. banks continues, as financial institutions seek to acquire complementary capabilities and franchises through mergers to strengthen their competitive advantages. The same trend is evident in China's banking sector, with rural small and medium-sized banks being absorbed, merged, or dissolved, accelerating the reshuffling process. As the concentration of financial institutions increases, fintech solution providers serving leading financial institutions will see their industry position strengthened, and the overall market concentration will increase accordingly. In this process, participants with the ability to continuously iterate product solutions, a full-line layout, and full-stack business capabilities will gradually dominate the market, with the market concentrating around these participants. Similar to financial institutions, leading fintech solution providers will further consolidate their core advantages or expand their business scope through mergers and acquisitions, acquiring fintech companies in other countries and regions to quickly establish a presence in new market businesses. In 2024, global technology solution for financial institutions market mergers and acquisitions saw a significant increase, with the total transaction value surpassing RMB1.3 trillion, a nearly 80.0% year-on-year growth, and the number of transactions reaching 1,405, growing by 25.0% year-on-year.

Deepening Multi-tiered Supervision and Promoting RegTech as Industry Consensus. Regulatory coverage extends to institutions ranging from traditional banks, securities firms, and insurers to emerging financial institutions, as well as non-licensed fintech companies, encompassing activities from deposit-taking, lending, and payment services to digital currencies, algorithmic trading, cross-border payments, and supply chain finance. As regulatory authorities continue to enhance their requirements for cross-market and cross-institutional financial activities, fintech solution providers enable regulatory bodies by integrating multi-level, multi-dimensional data resources, offering deep insights from surface phenomena to underlying substance, and improving the early warning and response capabilities for financial risks. The increasing breadth and depth of regulation have made RegTech a common industry demand. RegTech refers to the use of information technology to monitor and assess, in real-time, whether regulated entities are adhering to relevant regulations. Its core objective is to enhance compliance performance, address compliance gaps such as anti-money laundering, reduce compliance costs, and improve institutions' ability to respond to new regulatory requirements. In practice, RegTech can be widely applied for the automation of key processes such as customer identity verification, transaction monitoring, customer risk rating, and intelligent reporting of suspicious activities, significantly improving compliance efficiency, reducing human operational risks, and helping financial institutions maintain a competitive edge in an increasingly complex regulatory environment. The adaptability between fintech solutions and regulatory systems is continuously strengthening, becoming a crucial safeguard for the sound development of the financial industry. Against this backdrop, financial institutions will closely monitor and deeply interpret local regulatory rules, actively incorporate RegTech tools, and build a full-process, full-cycle compliance system to achieve business compliance, sustainability, and resilience.

Competitive Advantage of China's Leading Technology Solution Providers for Financial Institutions Under the Trend of Globalization. Leading fintech solution providers, with their strong technical capabilities and extensive experience, are accelerating their market expansion across multiple regions, positioning emerging markets such as Southeast Asia and the Middle East as strategic footholds. They are building overseas ecosystems and expanding their international business landscape. In this process, localization capability, regulatory compliance adaptation, technical output capacity, and the ability to integrate and build ecosystems become the core competitive strengths for fintech solution providers' international expansion. Participants need to deeply understand the culture, regulations, and customer demands of the target markets, create solutions tailored to local characteristics and ensure that their technology outputs comply with local regulatory requirements to achieve stable international development. Financial institutions, especially banks, when selecting fintech solution providers, will consider multiple factors such as security, stability, experience, and efficiency. Leveraging their rich experience accumulated in the China's market, China's leading fintech solution providers, with their security capabilities verified under high concurrency and large transactions, along with their long-established excellence in product development and end-to-end integrated service systems, are leading trends in several key fields and possess the ability to meet global demands. They are gradually expanding their business into emerging markets such as Southeast Asia and the Middle East, replicating their successful experiences from China into these emerging markets.

China's Leading Position in Global Technology Solution for Financial Institutions Market

As one of the key global financial systems, China possesses a large and diverse financial market environment, providing a solid foundation for the deepened application and continuous evolution of fintech. In recent years, financial institutions have increasingly sought to enhance their digital and intelligent capabilities, driving the widespread application of information technology across various financial processes, accelerating the penetration and expansion of fintech solutions in different business scenarios, and presenting an overall trend of accelerated industry development.

At the policy level, in March 2025, the General Office of the State Council issued the "Guiding Opinions on Doing a Good Job in Five Major Areas in Finance (《國務院辦公廳關於做好金融「五篇大文章」的指導意見》)," which outlines the key areas for financial support in high-quality economic development and the basic direction for optimizing the economic and financial structure. It calls for the active development of tech-driven finance, green finance, inclusive finance, pension finance, and digital finance, and emphasizes strengthening high-quality financial services for major strategies, key areas, and weak links.

From a technological perspective, breakthroughs and developments in technologies, particularly AI, are increasingly becoming a key engine driving the reshaping of the technology solution for financial institutions market. Taking AI as an example, AI applications have shifted from being initial auxiliary support tools to higher-level intelligent decision-making and business process restructuring, widely covering business scenarios such as customer service, marketing, credit, risk management, internal banking management, and regulatory compliance. With the continuous evolution of algorithms and the enhancement of computing infrastructure, new technologies, including AI, have significantly improved their implementation capabilities and expansion potential within the financial industry, greatly enhancing the operational efficiency and risk management capabilities of financial institutions. This also brings a new round of structural growth opportunities to the technology solution for financial institutions market, marking the industry's entry into a new phase driven by "intelligent innovation".

Currently, China's leading fintech solution providers are actively advancing the transformation of distributed architectures, modular design, and emerging technologies such as hybrid cloud.

- ***Distributed Architecture:*** Distributed architecture is a system architecture that disperses computing, storage, and processing capabilities across multiple nodes. Compared to traditional centralized architectures, it offers advantages such as elastic scalability, fault isolation, and strong concurrent processing capabilities. For example, a next-generation credit service platform built on a distributed database not only meets the operational needs of financial institutions for credit services but also supports agile online lending systems and batch calculation systems. Its characteristics, such as agile scaling, transparency for applications, no need for database sharding, simplified application development, and high availability with multi-center deployment, provide essential protection for key systems.

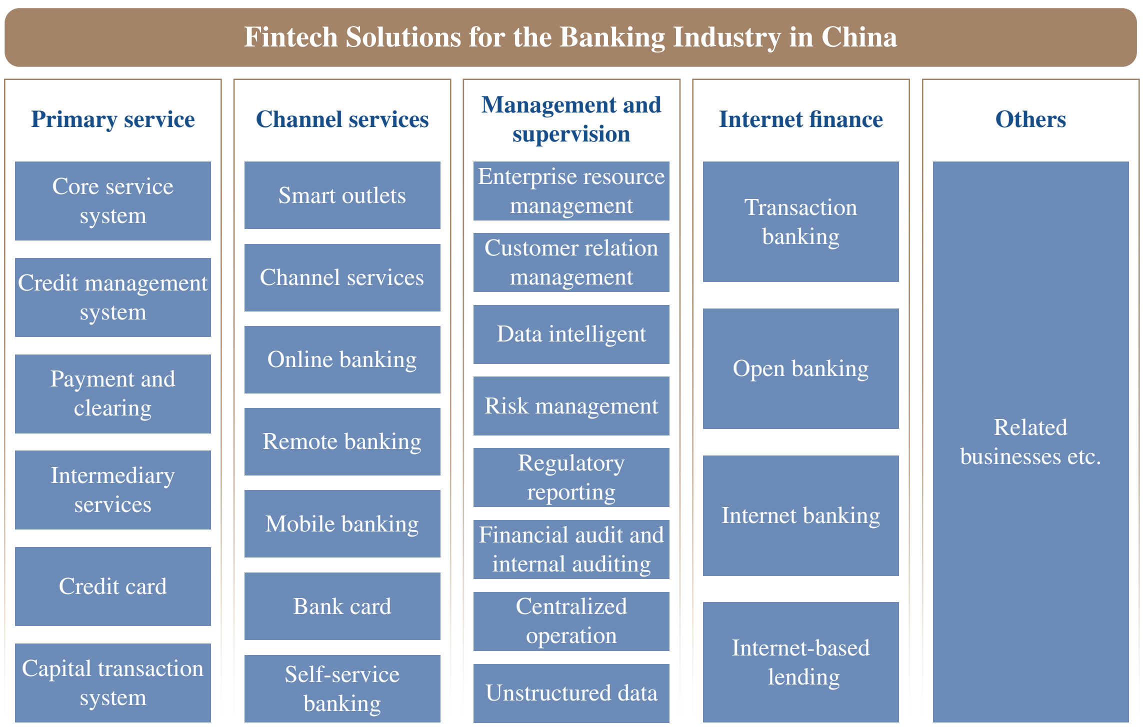
- ***Modular Design:*** Modular design is a system design approach that decouples complex systems into multiple independent, reusable modules. Each module performs specific functions and communicates with other modules through clearly defined interfaces (APIs). Through modular design and the upgrading of automated delivery processes, project delivery efficiency can be significantly improved. For instance, in the development of a unified credit portal, modular packaging and standardized output mechanisms can significantly enhance the platform's reusability and adaptability across different scenarios.

- ***Hybrid Cloud:*** Hybrid cloud is a form of cloud computing that enables private and public clouds to work together, thereby improving resource utilization across different cloud environments. Due to the financial industry's characteristics such as stable operations, the shift toward open and internet-based business models, strong isolation, and stringent regulations, hybrid cloud is more suitable for financial institutions than either public or private clouds alone. Hybrid cloud helps financial institutions increase business flexibility, reduce cloud deployment costs, improve availability and accessibility, and facilitate easier business migrations. As a result, the financial industry has a high level of acceptance for hybrid cloud, with the global financial sector's hybrid cloud adoption rate reaching 21.0%, surpassing the global average.

Robust Demand for Fintech Solutions from China's Financial Institutions

China's financial market ranks among the world's most complex and demanding. Financial institutions face multifaceted and complex requirements for fintech solutions, including regulatory compliance, risk control and anti-fraud, customer experience, and ecosystem integration. China's financial services are highly widespread, large in scale, diverse in variety, and subject to stringent regulatory requirements, forming a diversified financial ecosystem, thereby creating a strong demand of financial institutions for fintech solutions.

Demand for Fintech Solutions from Financial Institutions (e.g. Banking Institutions) by Business Segment



Source: CIC

China's Financial Market Ranking Among the Top Globally. In 2024, China's total population reached 1.4 billion, providing a vast customer base and enormous market capacity for the country's financial industry. As of 2024, the total assets of China's financial institutions amounted to RMB495.6 trillion, of which banks held RMB444.6 trillion, accounting for 89.7% of the total assets. In terms of bank deposit business, the balance of RMB deposits in China reached RMB302.3 trillion in 2024, with a CAGR of 9.2% from 2020 to 2024. Among this, household deposits amounted to RMB151.3 trillion, with a CAGR of 12.8% from 2020 to 2024. Regarding bank loan business, as of 2024, the balance of RMB loans in China reached RMB255.7 trillion, with a CAGR of 10.3% from 2020 to 2024. Of this, loans to enterprises and institutions amounted to RMB171.0 trillion, with a CAGR of 11.5% from 2020 to 2024. In 2024, China had a total of 15.0 billion bank accounts opened, and the total number of non-cash payment transactions handled by banks nationwide reached 576.3 billion. The total credit granted by bank cards was RMB22.9 trillion. China's financial market is vast and highly competitive, especially as banks, the core participants in financial services, must continuously invest in technological resources to support the sustainable development and innovation of their businesses.

Diversified Financial Ecosystem and Multi-tiered Financial Scenarios. China has built a modern financial system encompassing banking, securities, insurance, trust, fund management, fintech, and other diverse sectors. By 2023, China's banking institutions totaled 4,490, second only to approximately 4,700 in the U.S.. Meanwhile, non-bank financial institutions experienced explosive growth, positioning China as the world's second-largest bond market. Beyond traditional financial institutions, emerging sectors like supply chain finance and green finance have flourished as vital complements to the financial system. For instance, China issued 2,669 green bonds by 2024, totaling over RMB4.1 trillion. Financial services now span diverse scenarios throughout the entire business cycle, including online banking, credit management, business intelligence, risk management and regulatory reporting. This diversified financial ecosystem and multi-tiered financial scenarios are creating vast opportunities for the fintech solution market.

Strengthened Regulatory Framework. Nowadays, pressure mounts from global financial regulation reform and coordination. China's RegTech development has entered a phase of comprehensive strengthening, characterized by "functional regulation" and "penetrative oversight". The application of RegTech reduces compliance costs and improves operational efficiency for fintech solution providers, while enhanced regulatory framework simultaneously creates a safer environment for fintech innovation and encourages innovation by fintech solution providers within regulatory boundaries.

Sustained Technological Investment Driving Business Growth. Benefiting from high investments in technology by China's financial institutions, the scale of China's financial business continues to grow. The number of off-branch transactions processed by Chinese banks grew from 370.9 billion transactions in 2020 to 491.4 billion transactions in 2023, with a CAGR of 9.8%, indicating an increasing customer reliance on online channels. During the same period, the number of mobile payment transactions processed by Chinese banks increased from 123.2 billion transactions in 2020 to 211.0 billion transactions in 2024, with a CAGR of 14.4%, highlighting the accelerated adoption of mobile payments. In 2024, banks processed a total of 301.7 billion electronic payment transactions, amounting to RMB3,427.0 trillion. Non-bank payment institutions handled 1.3 trillion online payment transactions, amounting to RMB331.7 trillion. As of August 2024, the monthly active users of mobile banking reached 550 million, with a year-on-year growth rate of 8.0%, reflecting a rapid shift in banking customer behavior from offline to online. At the same time, the volume of RMB cross-border payments increased from 2.2 million transactions in 2020 to 8.2 million transactions in 2024, with a CAGR of 38.9%, reflecting the accelerated process of RMB internationalization and improvements in cross-border payment efficiency. Additionally, financial institutions' investment in AI continues to increase, with the scale of AI and generative AI investment in China's financial industry reaching RMB19.7 billion in 2024. Meanwhile, the large-scale application of large models in the financial industry has been rapidly deployed, with some major banks having implemented over 200 scenarios.

In this environment, local China's fintech solution providers have taken the lead in the Bank 4.0 phase, establishing best practices for fintech solutions, thereby gaining a first-mover advantage to expand into emerging markets. China's extensive financial services and the advantage of having over 300,000 fintech professionals enable China's fintech companies to possess stronger engineering capabilities, implementation capabilities, and comprehensive ecosystem integration and service capabilities.

China's Financial Institutions Facing Numerous Pain Points, Presenting Unprecedented Challenges and Opportunities for Fintech Solution Providers

China's financial institutions have largely completed their informatization efforts. In the process of transitioning from informatization to digital and intelligent transformation, they face a series of pain points and challenges. The deep integration of business and technology is taking place, bringing unprecedented challenges and opportunities for fintech solution providers.

Financial Institutions' Business Requiring Comprehensive Technological Support: In the past, the business and technology in the fintech solution industry were relatively separate, with financial institutions purchasing solutions from fintech solution providers on an as-needed basis to achieve basic digital and intelligent transformation of their business operations. Today, with the development of digital and intelligent technologies driving business transformation, financial institutions' demand for fintech solutions has gone beyond traditional models, requiring technology to be deeply embedded into the entire business process. They now need capability-oriented suppliers (with technical and business capabilities) to empower business innovation and development.

Technology Investment Aiming for Higher Efficiency-output Ratios: On one hand, financial institutions are becoming more prudent in their technology investment decisions during their digital and intelligent transformation process. On the other hand, competition among financial institutions has evolved from a focus on individual business comparisons to a multidimensional contest, escalating the intensity of competition in the financial market. Against this backdrop, the upgrade cycle for core financial systems has been significantly shortened from the traditional 5-10 years, forcing small and medium-sized banks to explore the most efficient solutions. By deeply partnering with fintech solution providers and drawing on the transformation experiences of large banks, these institutions achieve rapid responses in product iterations and build differentiated competitive advantages. This transformation path not only avoids the resource bottlenecks of self-development for small and medium-sized institutions but also shortens the technology implementation cycle through external intellectual empowerment. Under the dual pressures of budget constraints and market competition, this has become the mainstream practice for industry breakthroughs.

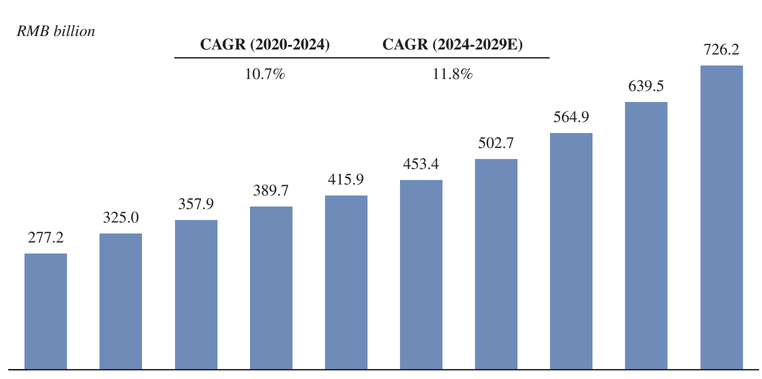
Specialization in Product and Technology Development Further Driving Financial Institutions' Demand for External Suppliers: Leading financial institutions (especially large banks) are forming a large-scale demand for specialized talent as they advance the deep integration of fintech solutions with their business operations. This includes the need for multidisciplinary teams to support everything from strategic technology consulting and planning at the strategic level to system design at the architecture level, and to specialized implementation during the deployment phase. The intensive investment in high-end talent by leading institutions during their technological transformation has exacerbated the structural gap between the supply of specialized talent and institutional demand across the industry. This further highlights the disadvantage faced by small and medium-sized institutions in the competition for technology talent, leading to talent shortages during their digital and intelligent transformation. In this context, third-party service providers, with their mature technical architectures and specialized teams, have become a necessary choice for small and medium-sized financial institutions. By providing professional and continuous service support, they help these institutions achieve rapid deployment and efficient application of fintech solutions.

Ongoing Standardization Requirements: The financial industry's demand for standardized operations has been increasing, with strong regulatory oversight. In December 2024, the "Compliance Management Measures for Financial Institutions" (《金融機構合規管理辦法》) was released, marking the first time that China's financial regulatory authorities have established a unified compliance management framework applicable to all types of financial institutions, providing comprehensive guidance and standards for compliance management. Financial institutions must strictly adhere to relevant regulations and industry standards, which increases compliance costs and limits business flexibility. This places continuous demands on the operational management and risk control capabilities of financial institutions.

Technology Spending in China's Financial Industry

Technology spending by financial institutions in China grew from approximately RMB277.2 billion in 2020 to RMB415.9 billion in 2024 at a CAGR of 10.7%. It is projected that future technology spending by China's financial institutions will accelerate further, reaching RMB726.2 billion at a CAGR of 11.8% by 2029.

Technology Spending by Financial Institutions, China, 2020-2029E

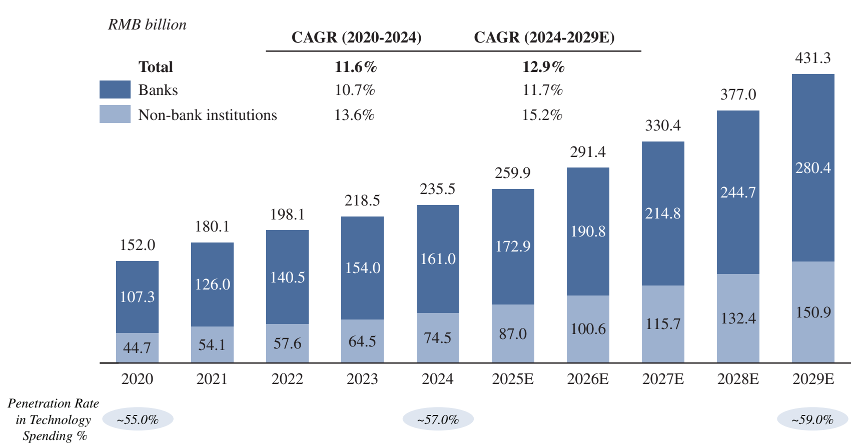


Source: National Bureau of Statistics, National Financial Regulatory Administration, Asset Management Association of China, CIC

Market Size of Technology Solution for Financial Institutions Market in China

The market size for technology solution for financial institutions market in China grew from RMB152.0 billion in 2020 to RMB235.5 billion in 2024 at a CAGR of 11.6%. As technology and business integration drives the evolution of the technology solution for financial institutions market, it is now transcending mere efficiency improvements and moving toward deeper ecosystem restructuring. The technology solution for financial institutions market is projected to expand at a CAGR of 12.9% from 2024 to 2029, reaching RMB431.3 billion by 2029. Banking technology solution for financial institutions market constitute the dominant segment of China's technology solution for financial institutions market. With a market size of RMB161.0 billion in 2024, this segment is projected to grow at an 11.7% CAGR, reaching RMB280.4 billion by 2029. The technology solution for financial institutions market will account for an increasing share of China's overall financial institution technology spending, rising from 57.0% in 2024 to 59.0% in 2029. As a result of the growing demand for system stability in the financial industry, the continuous promotion of self-reliance and controllability related development and transformation by financial institutions is expected to bring about a market demand of approximately RMB350.0 billion.

Market Size of Technology Solution for Financial Institutions Market by Client Type, China, 2020-2029E



Source: National Bureau of Statistics, National Financial Regulatory Administration, China Securities Asset Management Association, CIC

Diverse Business Models in Parallel Development of Technology Solution for Financial Institutions Market

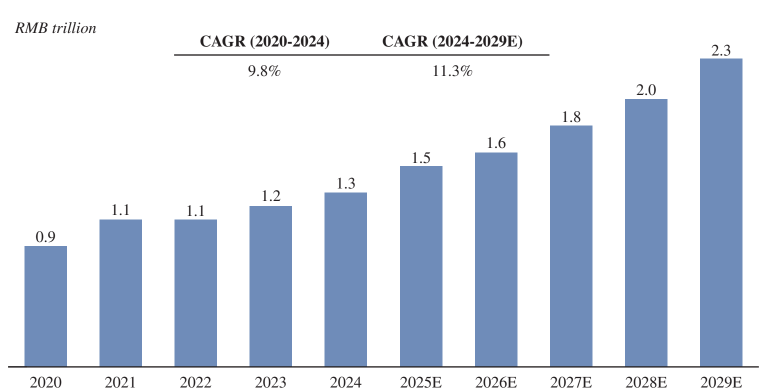
Due to the differentiation in the demands and capabilities of financial institutions, leading fintech solution providers can offer services to different financial institutions through differentiated business models, with the technology solution for financial institutions market currently in a phase of multiple business models running in parallel. Fintech solution providers, by integrating with upstream and downstream products and ecosystems, adopt both technological and business operations approaches. While continuing to deliver traditional project-based services, they are gradually adopting an integrated service model of "technology subscription + scenario operations." For example, leading participants have started offering operational service models in emerging markets such as Southeast Asia and the Middle East, opening up new growth curves.

Southeast Asia-led Emerging Markets for Global Technology Solution for Financial Institutions Market

Numerous regions worldwide, particularly Southeast Asia, Central Asia, the Middle East, Africa, and Latin America, currently exhibit underdeveloped traditional financial sectors. These markets present substantial growth potential with diverse business demands, where digital transformation remains in the early stage of rapid development, positioning them as new frontiers for global fintech solution market.

Technology spending in emerging markets (broadly referring to regions excluding China, the United States, and Europe) increased from RMB 0.9 trillion in 2020 to RMB1.3 trillion in 2024, with a CAGR of approximately 9.8%. It is expected to grow at a CAGR of 11.3% from 2024 to 2029, reaching RMB2.3 trillion by 2029.

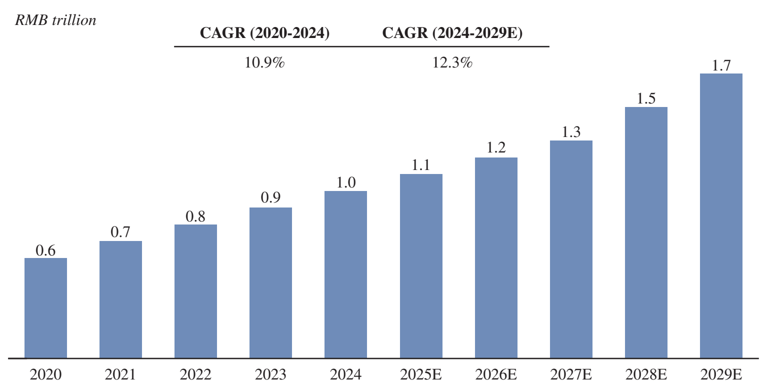
Technology Spending of Financial Institutions in Emerging Markets, 2020-2029E



Source: CIC

The market for technology solution for financial institutions market in emerging markets (excluding China, the United States, and Europe) grew from RMB 0.6 trillion in 2020 to RMB1.0 trillion in 2024, with a CAGR of approximately 10.9%. It is expected to grow at a CAGR of 12.3% from 2024 to 2029, reaching RMB1.7 trillion by 2029.

Market Size of Technology Solution for Financial Institutions Market in Emerging Markets, 2020-2029E



Source: CIC

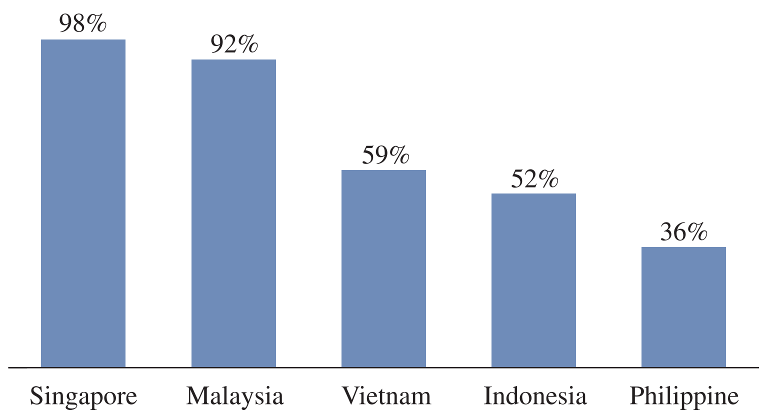
Emerging Markets with Booming Demands for Technology Solutions for Financial Institutions: Exemplified by Southeast Asia

Southeast Asia was home to over 2,600 banks in 2024, with total banking assets growing from RMB38.5 trillion in 2020 to nearly RMB48.0 trillion in 2024. The ratio of these assets to regional GDP consistently remained at approximately 170.0%. This rapid expansion stems from multiple drivers.

Robust Digital Economic Foundations. Southeast Asia's population of approximately 680 million, with over half under age 35, creates a large, youthful demographic that provides a favorable foundation for digital economy development. Regional digital trade reached RMB1.9 trillion in 2024, representing 15.0% year-on-year growth. The digital economy in Southeast Asia is expected to reach RMB14.4 trillion by 2029, presenting substantial growth avenues for fintech solution providers. Southeast Asia has a high level of acceptance for new technologies, which is reflected not only in the population's high receptiveness to digital and intelligent technologies but also in the openness of governments and financial institutions to new technologies. For example, Singapore is piloting a central bank digital currency (Ubin+); the Central Bank of Malaysia is promoting a "digital banking sandbox" allowing licensed institutions to test innovative products, the State Bank of Vietnam is piloting a unified QR code payment standard, and the Bank of Thailand is promoting the "Instant Payment System" (PromptPay), requiring all banks to participate. Financial institutions themselves are also actively introducing new technologies, such as exploring cross-border payments and supply chain finance through blockchain technology, collaborating with traditional banks via API application programming interfaces to offer payment and credit services, and accelerating e-KYC through AI technology to improve reasoning speed and reduce fraud rates.

Coordinated Development of Various Types of Financial Institutions. Southeast Asia exhibits significant disparities in bank account penetration (e.g., Singapore achieves 98% coverage, Indonesia lags at 52%), revealing substantial unmet demand for financial services. Concurrently, amid CRS-driven global tax transparency standards, traditional banks' increasingly stringent account opening thresholds have left cross-border e-commerce and trading enterprises underserved. Digital banks are rapidly filling these accessibility deficits through more efficient and inclusive service models, effectively addressing structural gaps in banking coverage.

Bank Account Coverage in Selected Southeast Asian Countries in 2024



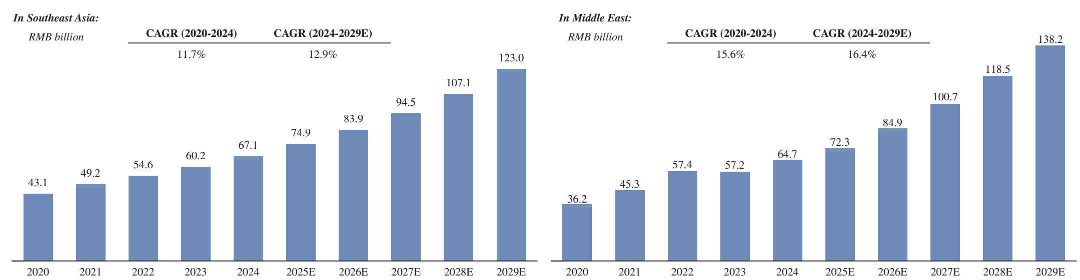
Source:CIC

Multidimensional Business Ecosystems. Southeast Asia features a multifaceted financial landscape encompassing corporate banking, international financial markets, cross-border operations, and supply chain finance, alongside numerous digital banking innovations. Digital payment tools currently have a penetration rate of around 50.0% in Southeast Asia, compared to over 90.0% in China. Digital payments are projected to become the region's dominant financial service method as cash transactions decline further to 34.0% by 2029.

Southeast Asia's financial institutions are intensifying technology investments, propelled by dual drivers: traditional institutions' urgent need for digital and intelligent system upgrades and emerging players' foundational technology builds. This trend stems from non-negotiable imperatives for agility-driven core system modernization at traditional institutions including banks and insurers, as well as novel infrastructure development by digital banks and fintech firms. Together, these forces fuel steady expansion in regional fintech investment, creating expansive market opportunities for technology providers. Technology spending by Southeast Asian financial institutions has grown from RMB43.1 billion in 2020 to RMB67.1 billion in 2024 at a CAGR of 11.7%, and is projected to reach RMB123.0 billion at a CAGR of 12.9% by 2029.

The technology expenditure in the Middle East increased from RMB36.2 billion in 2020 to RMB64.7 billion in 2024, with a CAGR of approximately 15.6%. It is expected to grow at a CAGR of 16.4% from 2024 to 2029, reaching RMB138.2 billion by 2029.

Technology Spending of Financial Institutions, Southeast Asia & Middle East, 2020-2029E



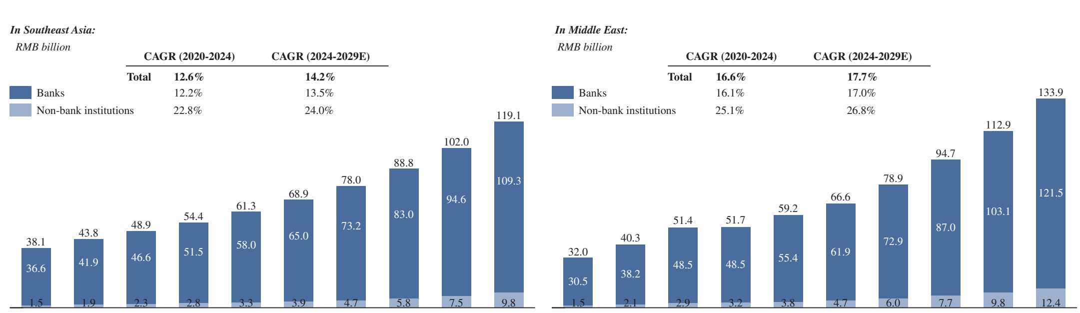
Source: Central Bank of Brunei Darussalam, Bank Negara Malaysia, Bank of the Lao People's Democratic Republic, Bank of Thailand, Bangko Sentral ng Pilipinas, Central Bank of Myanmar, Monetary Authority of Singapore, National Bank of Cambodia, Financial Services Authority of Indonesia, State Bank of Vietnam, CIC

Market Size of Technology Solution for Financial Institutions Market in Southeast Asia

Southeast Asia's technology solution for financial institutions market development relies primarily on solution providers, creating prime expansion territory for global participants. Technology solution for financial institutions market in Southeast Asia grew from RMB38.1 billion in 2020 to RMB61.3 billion in 2024 at a CAGR of 12.6%. This market is expected to reach RMB119.1 billion at a CAGR of 14.2% by 2029.

Technology solution for financial institutions market in the Middle East grew from RMB32.0 billion in 2020 to RMB59.2 billion in 2024 at a CAGR of approximately 16.6%. This market is expected to reach RMB133.9 billion at a CAGR of 17.7% by 2029.

Market Size of Technology Solution for Financial Institutions Market by Client Type, Southeast Asia and the Middle East, 2020-2029E



Source: Central Bank of Brunei Darussalam, Bank Negara Malaysia, Bank of the Lao People's Democratic Republic, Bank of Thailand, Bangko Sentral ng Pilipinas, Central Bank of Myanmar, Monetary Authority of Singapore, National Bank of Cambodia, Financial Services Authority of Indonesia, State Bank of Vietnam, CIC

Core Capabilities and Key Opportunities for China's Companies Expanding into Emerging Markets

The development stages of fintech solutions in emerging markets such as Southeast Asia and the Middle East are highly consistent with the early path of informatization and digital and intelligent upgrades in China's financial industry. These regions also demonstrate a strong demand for digital and intelligent transformation, which provides a natural "experience transfer-localized deepening" strategic channel for China's fintech solution providers with mature product systems and extensive implementation experience. Based on the products and capabilities accumulated in China's high concurrency, big data, and multi-scenario markets, China's fintech solution providers are leading the world, offering localized, differentiated, end-to-end fintech solutions to emerging markets. They help traditional banking systems continuously upgrade and evolve, empower new banking forms, build full-stack business platforms, and support the long-term growth of customers in emerging markets.

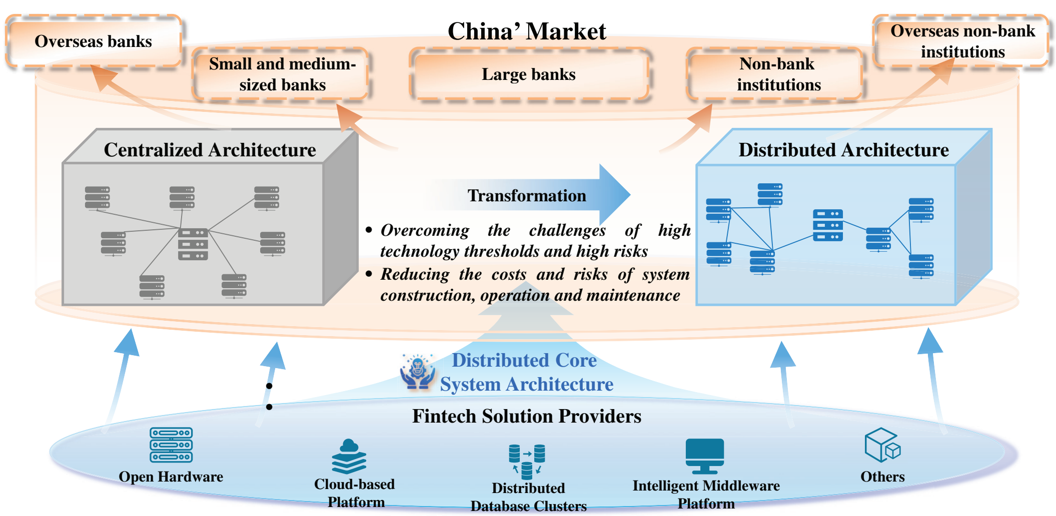
- ***Strong Demand for the Development of Small and Medium-Sized Banks and Digital Banks.*** There is a large number of small and medium-sized banks and emerging digital banks in Southeast Asia. These banks generally lack technical research and integration capabilities and have a strong demand for solutions in areas such as core system construction, digital banking, and credit systems. However, they have limited budgets and urgently require cost-effective and flexible end-to-end fintech solutions to empower their business operations.

- ***Market Demand Structure Similar to Early China, with a Clear Implementation Path.*** Southeast Asia's e-commerce, payments, and other sectors are developing rapidly, with the overall market structure, population dividends, and internet penetration paths highly similar to China's past development pace. Chinese companies, with their first-mover experience in technology, products, and business processes, are well-positioned to implement solutions with short deployment cycles and strong adaptability, capable of supporting the digital and intelligent financial needs of Southeast Asia and the Middle East.

- ***Development of Regional Economic Alliances and Mutual Integration.*** As regional economic alliances enter a phase of high-quality development, fintech solutions are becoming a key driver for deepening regional cooperation and accelerating strategic implementation. Chinese product-oriented technology companies are using innovative applications such as mobile payments, digital credit, and electronic identity verification (e-KYC) to help local populations in key alliance regions, such as Southeast Asia, improve financial inclusion, reduce economic development imbalances, and support the construction of regional financial connectivity and social trust systems.

- ***Distributed Transformation Capability.*** Currently, most banks' core systems are still based on centralized architectures, and core system transformation within this architecture faces high technical thresholds and significant risks. To address these challenges, Chinese product-oriented technology companies are continuously advancing key projects such as core operations system migration. Using open hardware, cloud computing platforms, distributed databases, and distributed middleware platforms, they are building distributed core system architectures that meet the high concurrency and high availability requirements of the financial sector, thereby reducing system construction and operational risks. As large banks gradually implement distributed transformations with good results, more and more small and medium-sized banks and other financial institutions are accelerating their system upgrade processes. During this process, Chinese product-oriented technology companies have accumulated extensive technical capabilities and project implementation experience. Against the backdrop of accelerating high-level financial industry openness, these capabilities are being exported overseas. Chinese participants are now equipped to help financial institutions in emerging markets transition smoothly from centralized architectures to distributed architectures, enabling them to handle more complex and higher-concurrency business scenarios, thereby enhancing the overall system's flexibility and resilience.

Comparison between Centralized Architecture and Distributed Architecture



Source: CIC

- ***Complex Risk Scenarios and the Strengthened Demand for AI-Driven Risk Control:*** Southeast Asian countries generally face financial security challenges, with a strong demand for financial system construction and upgrades. There is an urgent need to enhance intelligent risk management capabilities, such as anti-money laundering and fraud detection. China's fintech solution providers, with their leading and continuously evolving large AI models, ever-expanding and evolving multi-dimensional AI applications, and the ability to integrate with multi-layered systems, are combining generative AI with financial business operations. This enables them to empower risk prevention for financial institutions and the financial ecosystem, as well as government and enterprise risk mitigation.

Competitive Landscape of China's Technology Solution for Financial Institutions Market

According to the 2024 global bank rankings published by The Banker, six of the top ten banks are from China, with the remaining four being U.S.-based banks. Banks in China and the U.S. hold significant positions in the global banking sector and are gradually entering a development stage focused on risk mitigation and stable growth. This provides a fertile ground for fintech solution providers in both China and the U.S. to develop their businesses.

Fintech solution providers from China and the U.S. are leading the global development of the technology solution for financial institutions market, with China's companies accelerating their business expansion, especially by extending their customer base to non-bank institutions, government and enterprise clients, and emerging markets in Southeast Asia and the Middle East. China's banking sector serves a vast number of clients, including approximately 1.2 billion individuals, 130 million enterprises, and other organizations. As a result, the business characteristics of China's banks include high concurrency and diverse demand. Leading participants in China's technology solution for financial institutions market continuously iterate and innovate their products, providing end-to-end integrated solutions to banking institutions. These participants have accumulated extensive banking service experience and have built up a loyal customer base with numerous banking institutions. As Chinese banks strengthen their presence in overseas markets by serving China's enterprises "going global," fintech solution providers are also expanding into these overseas markets. With their rich experience in serving China's banks, leading participants can quickly reach overseas banking institutions, providing differentiated product solutions to both traditional and emerging digital banks overseas.

Competitive Landscape of China's Banking Technology Solution for Financial Institutions Market

As of 2024, Yusys Technologies is the largest publicly listed provider of banking fintech solutions in China, with a market share of 2.1%. Yusys Technologies has maintained the largest market share among publicly listed companies in the banking technology solution for financial institutions market for three consecutive years during the reporting period. Additionally, Yusys Technologies has the most comprehensive customer base, with a cumulative total exceeding 1,000 banking clients from 2022 to 2024, ranking first in the industry. Its customer base in digital bank solution and credit management solution reached over 300 and 150 clients respectively in 2024, making it the industry leader in terms of the number of clients served. Based on the total project value in 2024, Yusys Technologies ranked first in China in the fields of online banking, credit management solution, regulatory reporting, and business intelligence markets.

Competitive Analysis of China's Banking Technology Solution for Financial Institutions Market, 2024

Companies	Revenue in 2024 (RMB billion)	Market share in 2024 (%)	Cumulative Banking Clients Served, 2022-2024 (Unit)
Yusys Technologies	3.5	Approximately 2.1%	1,000+
Company A	Approximately 2.8	Approximately 1.7%	Approximately 360
Company B	Approximately 1.9	Approximately 1.2%	Approximately 200
Company C	Approximately 1.8	Approximately 1.1%	Approximately 700
Company D	Approximately 1.7	Approximately 1.1%	Approximately 300

Source: CIC

Notes:

1. Company A aims to deliver IT infrastructure services to financial institutions, including banking, and insurance sectors, as well as key clients across diversified industries. It is a publicly listed company established in 1996 and headquartered in China.

2. Company B is a fintech enterprise delivering comprehensive solutions, products, and services to industry clients. It is a publicly listed company established in 1996 and headquartered in China.

3. Company C operates as an integrated financial services provider specializing in financial IT, information and operational services. It is a publicly listed company established in 2003 and headquartered in China.

4. Company D provides solutions spanning digital finance, intelligent management, and data-driven enablement. It is a publicly listed company established in 2002 and headquartered in China.

Entry Barriers and Key Success Factors in the Technology Solution for Financial Institutions Market in China

- ***Deep Industry Knowledge and Trust Barriers.*** The financial industry places great emphasis on the stability and reliability of suppliers, preferring to continue cooperation with technology service providers that have a proven track record of successful delivery. Once an information system is launched, it requires long-term maintenance and upgrades. Customers are more inclined to establish long-term partnerships with those who have experience covering all business scenarios, can provide continuous services, respond promptly, and have a precise understanding of the financial regulatory framework and risk boundaries. Companies with typical case studies and a strong industry reputation have an advantage in subsequent customer expansion.

- ***Full-scenario Product Development and Delivery Operations Capability.*** With the rapid development of the financial market, financial institutions' demands for system performance, user experience, and data intelligence capabilities continue to increase. Fintech solution providers need to possess distributed technical infrastructures that support high concurrency and elastic scalability, offering standardized configurable solutions covering core business areas such as credit, payment, and risk management. They must also have flexible delivery capabilities that adapt to private, public, and hybrid cloud environments, as well as a full lifecycle support system, from consulting and planning to operations and maintenance. The ability to quickly respond to market changes and continuously upgrade products directly determines the competitiveness of participants in the industry.

- **Implementation of Emerging Technologies and Ecosystem Collaboration Capability.** With the continuous development of cloud computing, big data, AI, and other technologies, financial institutions urgently need solutions that can be implemented in key scenarios. Fintech solution providers should be capable of integrating new technologies with credit, risk control, marketing, and other business areas, as well as integrating resources across the industry chain to co-build solutions. By providing emerging technology-integrated, ready-to-use products such as AI-driven systems, they can effectively solve customer pain points. The ability to implement and continuously optimize technological solutions will determine whether participants can continue to engage and deeply involve customers in their digital and intelligent development and upgrades.

- **Client-Centered Innovation and Collaboration Capability.** In the technology solution for financial institutions industry, successful service providers not only need to offer products and technology but also possess the ability to collaborate with customers to co-create value. By deeply understanding customer needs, flexibly designing operational models, and continuously optimizing delivery, industry participants can establish a deeply binding relationship with customers. Especially in the small and medium-sized financial institution market, providing integrated services from construction to operation will significantly enhance customer loyalty and repurchase rates. Building win-win collaboration frameworks is key to driving long-term growth and market expansion.

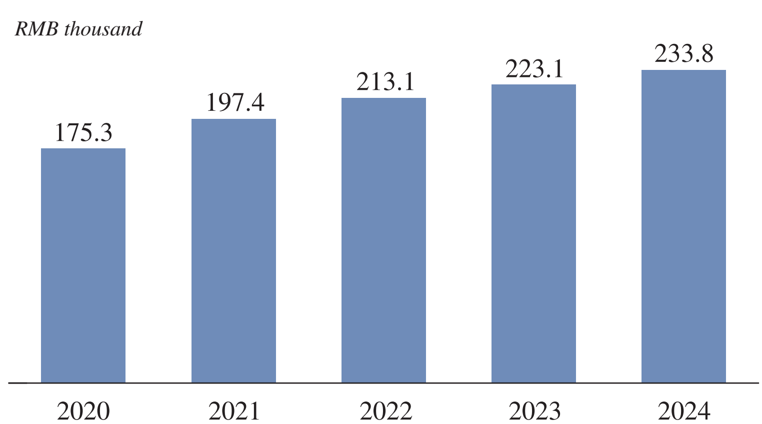
- **Local Compliance Capability and International Expansion Synergy.** Fintech solution companies must have highly compliant, stable, and secure technical capabilities in the local market while being able to serve the differentiated needs of overseas clients. Self-governed infrastructure has become a fundamental requirement in the financial industry. Industry participants need to achieve widespread adaptation and integration of self-developed software and hardware into the ecosystem. In overseas markets, emerging markets, especially in Southeast Asia and countries along the "Belt and Road" initiative, have relatively weak technical foundations and a strong demand for China's solutions. Companies that can establish a strong local presence and replicate their success overseas will have greater growth potential and resistance to cyclical fluctuations.

- **Solid Industry Foundation and Stable, High-quality Talent Team.** The fintech solution industry has high entry barriers and professionalism, requiring companies to have long-term accumulated industry knowledge and keen insight. An experienced and stable management and technical team is the guarantee for continuous innovation and delivery capability. A high proportion of technical personnel reflects not only the company's emphasis on R&D but also its ability to respond to complex scenarios. A core team with an industry background is better equipped to lead the company through market fluctuations and seize key opportunities in industry transformation.

Cost Analysis of the Technology Solution for Financial Institutions Market

Labor costs are a major expense for fintech solution companies. Fintech solution providers typically rely on highly skilled personnel to drive technological innovation and product development, and to maintain its competitive edge by offering fintech solutions with full business line coverage and full-stack technical capabilities to clients. According to data from the Ministry of Human Resources and Social Security of China, annual labor costs in China's information transmission, software, and IT services sector increased from RMB175.3 thousand in 2020 to RMB233.8 thousand in 2024, with a CAGR of 7.5%.

Annual Labor Costs in China's Information Transmission, Software, and IT Services Industry, 2020-2024



Source: Ministry of Human Resources and Social Security of China, CIC

Source

We commissioned the independent market research and consulting firm CIC to conduct a detailed study and analysis of the global technology solution for financial institutions market. CIC was established in Hong Kong and provides professional services such as industry consulting, commercial due diligence, and strategic consulting. We have agreed to pay a fee of RMB500,000 for the preparation of the CIC report. We believe that this payment will not affect the impartiality of the conclusions drawn in the CIC report. We have extracted certain information from the CIC report in this section, as well as in the "Summary," "Risk Factors," "Business," "Financial Information," and other sections of this document, to provide potential [**REDACTED**] with a more comprehensive introduction to the industry in which our operations are situated.

In the preparation of the CIC report, CIC conducted both primary and secondary research to obtain knowledge, statistics, information, and industry insights related to the global technology solution for financial institutions market. Primary research involved interviews with key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available sources. The preparation of the CIC report is based on the following assumptions: (1) the overall social, economic, and political environment globally is expected to remain stable during the forecast period; (2) during the entire forecast period, relevant key driving factors may propel continued growth of the global technology solution for financial institutions market; and (3) there are no extreme, unforeseeable, or force majeure industry regulations that could have a substantial or fundamental impact on the industry. All market size-related forecasts are based on the overall economic conditions as of the most recent practical date.

*Information disclosed in this section is relevant PRC laws and regulations (the "**PRC Laws**") in effect which have a significant impact on the operation of our Group in the PRC as of the date of this document, which are subject to change in the future, but it does not include a detailed analysis of PRC Laws related to our business activities and operations in the PRC, or serve as all PRC Laws applicable to our operations in the PRC.*

LAWS AND REGULATIONS RELATING TO COMPANY AND FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the PRC are governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was promulgated by the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") on December 29, 1993, last amended on December 29, 2023 and implemented on July 1, 2024. Foreign invested entities are also subject to the Company Law unless otherwise provided by the Foreign Investment Laws (as defined below). The Company Law generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law shall also apply to foreign invested companies in form of limited liability company or joint stock limited company.

Foreign invested entities in the PRC are also subject to the foreign investment laws and regulations including the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which was promulgated by the NPC and became effective on January 1, 2020, and the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which were promulgated by the State Council on December 26, 2019, and became effective on January 1, 2020. According to the Foreign Investment Law, the PRC adopts a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended, or released upon approval by the State Council, from time to time.

On September 6, 2024, the NDRC and the MOFCOM jointly issued the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單) (2024年版)》) (the "**Negative List**"), which came into effect on November 1, 2024. The Negative List uniformly sets forth the ownership requirements, requirements for senior executives, and other special administrative measures for the access of foreign investment. Fields not on the Negative List shall be administered under the principle of equal treatment for both domestic and foreign investment.

On October 26, 2022, the MOFCOM and the NDRC promulgated the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄 (2022年版)》) (the "**Encouraging Catalog**"), which came into effect on January 1, 2023. The Encouraging Catalog lists the industries that encourage foreign investment.

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was jointly promulgated by the MOFCOM and the State Administration for Market Regulation on December 30, 2019 and became effective on January 1, 2020, where a foreign investor carries out investment activities in PRC directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information in a timely manner to the competent commerce department.

LAWS AND REGULATIONS RELATING TO COMPUTER SOFTWARE

In accordance with the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, with the latest revision effective on March 1, 2013, Chinese citizen, legal person or other organization is entitled under the copyright of the software he/it has developed, including the right of publication, right of acknowledgment, right of alteration, right of reproduction, right of distribution, right of leasing, right of dissemination, right of translation and other rights that software copyright owners shall have, regardless of whether such software has been published.

In accordance with the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on April 6, 1992 and latest amended on February 20, 2002, with the latest revision effective on the same date, software copyrights, exclusive software copyright licensing contracts and transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and has certified the China Copyright Protection Centre as the institution responsible for software registration. Applications that comply with the rules shall be granted registration, and a corresponding registration certificate shall be issued by the China Copyright Protection Centre.

The Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (《進一步鼓勵軟件產業和集成電路產業發展若干政策》) which was promulgated by the State Council on January 28, 2011 and came into effect on the same date, specifies a series of policies on tax preference, promotion of investment and scientific research and talent support for the software industry. According to the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (Guo Fa [2020] No. 8) (《國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》(國發[2020]8號) (the "**No. 8 Notice**") and the Announcement on Enterprise Income Tax Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》) jointly promulgated by the MOF, the STA, the NDRC and the Ministry of Industry and Information Technology of the PRC (the "**MIIT**"), the integrated circuit design, equipment, materials, packaging and testing and software enterprises encouraged by the State are exempted from enterprise income tax during the first year and the second year from the profit-making year. During the third year to the fifth year, the enterprise income tax shall be levied at half of the statutory tax rate of 25%. Key integrated circuit design enterprises and software enterprises encouraged by the State shall be exempted from enterprise income tax during the first year to the fifth year since the profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in successive years. Notice of the National Development and Reform Commission and Other Departments on Making Relevant Requirements for the List of Integrated Circuit Enterprises or Projects and Software Enterprises Entitled to Preferential Tax Policies for 2024 (《國家發展改革委等部門關於做好2024年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作有關要求的通知》), on the basis of the No. 8 Notice, makes detailed description of the conditions and project standards for enterprises that enjoy preferential tax policy.

LAWS AND REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

Regulation on 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, promulgated on September 25, 2000 by the State Council of the PRC and 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 from the MIIT, or its provincial counterparts, prior to the commencement of its operations, or else such operator might be subject to sanctions including corrective orders and warnings from the competent administration authority, fines and confiscation of illegal gains. In case of serious violations, the operator's websites may be ordered to be closed.

The Telecommunications Regulations categorize all telecommunications services in China as either basic telecommunications services or value-added telecommunications services, and value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures. The Administrative Measures for Telecommunications Business Operating License (《電信業務經營許可管理辦法》) promulgated by the MIIT in July 2017 set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services ("VATS License"), the qualifications and procedures for obtaining the licenses and the administration and supervision of these licenses.

Pursuant to the Catalog of Telecommunications Services (《電信業務分類目錄》), which was promulgated by the Ministry of Information Industry of the PRC (the predecessor of MIIT) and became effective on April 1, 2003 and was last amended on June 6, 2019, both online data processing and transaction processing services and internet information services fall within Class II value-added telecommunication services. The "online data processing and transaction processing services" refer to the online data processing and transaction processing services provided for users through public communication networks or the internet, using various kinds of data and transaction processing application platforms connected to various kinds of public communication networks or the internet. A telecommunication services operator engaged in online data processing and transaction processing services is required to obtain a VATS License for online data processing and transaction processing services. The "information services" refer to the information services provided for users via the public communication network or the internet and by the information collection, development, processing and construction of information platforms. The Administrative Measures on Internet Information Services, which was promulgated by the State Council and became effective on September 25, 2000 and last amended on January 8, 2011, sets out guidelines on the provision of internet information services. The Administrative Measures on Internet Information Services classify internet information services into commercial internet information services and non-commercial internet information services. Pursuant to the Administrative Measures on Internet Information Services, commercial internet information services refer to the provision with charge of payment of information or website production or other service activities to online users via the internet, and non-commercial internet information services refer to the provision with free of charge of information that is in the public domain and openly accessible to online users via the internet. The Administrative Measures on Internet Information Services require that a provider of commercial internet information services shall obtain a VATS License for internet information services. The Administrative Measures on Internet Information Services further require that a provider of non-commercial internet information services shall carry out record-filing procedures with the provincial level counterparts of the MIIT.

Regulation on Foreign Investment Restriction on Value-Added Telecommunications Services

According to the Negative List and the currently effective Administrative Regulations on Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which were most recently amended by the State Council on May 1, 2022, as for the value-added telecommunications business types which fall within China's commitment to the WTO, the ultimate capital contribution percentage by foreign investor(s) in a foreign- invested value-added telecommunications enterprise shall not exceed 50%, except for providing services of e-commerce, domestic multi-party communications, data collection and transmission, and call centers. In addition, from May 1, 2022, the amended Administrative Regulations on Foreign-Invested Telecommunications Enterprises canceled the qualification requirement on the primary foreign investor in a foreign invested value-added telecommunications enterprise for having a good track record and operational experience in the value-added telecommunications industry as stipulated in the previous version.

In 2006, the predecessor to the MIIT issued the Circular of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Business (《關於加強外商投資經營增值電信業務管理的通知》), according to which a foreign investor in the telecommunications service industry of China must establish a foreign invested enterprise and apply for a telecommunications businesses operation license. This circular further requires that: (i) PRC domestic telecommunications business enterprises must not lease, transfer or sell a telecommunications businesses operation license to a foreign investor through any form of transaction or provide resources, offices and working places, facilities or other assistance to support the illegal telecommunications services operations of a foreign investor; (ii) value-added telecommunications enterprises or their shareholders must directly own the domain names and trademarks used by such enterprises in their daily operations; (iii) each value-added telecommunications enterprise must have the necessary facilities for its approved business operations and maintain such facilities in the regions covered by its license; and (iv) all providers of value-added telecommunications services are required to maintain network and internet security in accordance with the standards set forth in relevant PRC regulations. If a license holder fails to comply with the requirements in the circular and cure such noncompliance, the MIIT or its local counterparts have the discretion to take measures against such license holder, including revoking its license for value-added telecommunications business.

LAWS AND REGULATIONS RELATING TO CYBER SECURITY AND DATA PROTECTION

In accordance with the Law of the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) which was promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, Network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network operators must take technical and other necessary measures as required by laws to safeguard the operation of networks, respond to network security events effectively, prevent illegal and criminal activities in the cyberspace, and maintain the integrity, confidentiality and usability of network data. PRC adopts graded system for cybersecurity protection, under which network operators are required to perform the obligations of security protection to ensure that the network is free from interference, disruption or unauthorized access, and prevent network data from being disclosed, stolen or tampered.

In accordance with the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) which was promulgated by the Ministry of Public Security, State Secrecy Administration State Cryptography Administration, and the Information Office of the State Council on June 22, 2007 and came into effect on the same date, and Information security technology—Classification guide for classified protection of cybersecurity (《信息安全技術網絡安全等級保護定級指南》), which was promulgated by Standardization Administration of the PRC on April 28, 2020 and came into effect on November 1, 2020, the hierarchical protection of the information security at the national level shall follow the principle of "independent grading and independent protection". Accordingly, the security protection grade of the information system shall be determined by entities operating and using an information system in accordance with the applicable rules.

In accordance with the State Security Law of the People's Republic of China (《中華人民共和國國家安全法》) which was promulgated by the SCNPC on July 1, 2015 and came into effect on the same date, the PRC government shall develop network and information security assurance system, enhance network and information security assurance capabilities, strengthen innovative research and development and application of network and information technologies and realize the security and controllability of network and information core technologies, critical infrastructure and information systems and data in key areas; the PRC government shall also enhance network management, prevent, deter and punish network criminal acts such as cyber-attacks, network intrusion, network theft and illegal spread of harmful information in order to safeguard the sovereignty, security and development interests of the state cyberspace.

In accordance with the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) which was promulgated by the SCNPC on August 29, 2015 and came into effect on November 1, 2015, a network service provider is subject to criminal liability if such network service provider fails to perform such obligation to manage information network security as specified by laws and administrative regulations, and refuses to make corrections when is ordered by a supervisory authority to do so, and involves any of the specified serious cases.

In accordance with the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) which was promulgated by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, PRC protects the rights and interests of individuals and organizations relating to data, encourages the lawful, reasonable and effective use of data, guarantees the orderly and free flow of data in accordance with the law, and promotes the development of the digital economy with data as a key element. PRC shall establish a data classification and grading protection system, formulate the important data catalogs to enhance the protection of important data and establish national core data management system to provide stricter protection of national core data. Processors of data shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations. To carry out data processing activities by making use of the Internet or any other information network, the aforesaid obligations for data security protection shall be performed on the basis of the graded protection system for cybersecurity. Processors of important data shall specify the person responsible for data security and management agencies, implement data security protection responsibilities, periodically conduct risk assessments of such data processing activities as provided and submit risk assessment reports to the relevant authorities.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law (《中華人民共和國個人信息保護法》), which came into effect on November 1, 2021. The Personal Information Protection Law aims to protect the rights and interests of personal information, regulate the processing of personal information, safeguard the orderly and free flow of personal information in accordance with the law, and promote the rational use of personal information. The Personal Information Protection Law establishes a comprehensive system of rules for the processing of personal information, including that the processing of personal information shall have a clear and reasonable purpose, that the processing of sensitive information is subject to additional protection, that the provision of personal information to outsiders and the entrusted processing of personal information requires the signing of a special agreement to ensure security, that the preservation, deletion, disclosure and automated decision-making of personal information should comply with special rules, and that processors of personal information should have appropriate organizational, institutional and technical measures in place. Processing of personal information in violation of the provisions of the Personal Information Protection Law or failure to comply with the relevant personal information protection obligations will result in the relevant entity being subject to warnings, fines, suspension of business for rectification, revocation of business permits and business licenses, and/or even being pursued for criminal liability.

On July 30, 2021, the State Council promulgated the Regulations for Safe Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "Safe Protection Regulations") which came into effect on September 1, 2021. Pursuant to the Safe Protection Regulations, critical information infrastructure refers to important network infrastructure and information system in public telecommunications, information services, energy sources, transportation and other critical industries and domains, in which any destruction or data leakage will have severe impact on national security, the nation's welfare, the people's living and public interests. The Regulations for Safe Protection of Critical Information Infrastructure stipulate that the aforementioned competent authorities and supervision and administration authorities of important industries and fields are the authorities responsible for critical information infrastructure security protection. Such agencies shall be responsible for organizing the determination of critical information infrastructure in the industry and field concerned according to the determination rules, inform the operators of the determination results in a timely manner, and notify the public security department under the State Council of the same. An operator shall assume strict operator responsibilities after being recognized as a critical information infrastructure operator.

According to the Cybersecurity Review Measures (2021) (《網絡安全審查辦法(2021)》) promulgated by the CAC and other regulatory authorities on December 28, 2021 and effective on February 15, 2022, critical information infrastructure operators who purchase network products and services that affect or may affect national security shall report to the cybersecurity review office for a cybersecurity review. Online platform operators possessing personal information of more than 1 million users must report to the cybersecurity review office for a cybersecurity review before going public abroad.

On March 22, 2024, the CAC promulgated the Provisions on Facilitating and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), which came into effect on the date of publication. The Provisions on Facilitating and Regulating Cross-Border Data Flows update the Measures for Cross-border Data Transfer Security Assessment and the Measures for the Standard Contract for the Cross-border Transfer of Personal Information previously implemented by the CAC. This provision first specifies the criteria for declaring important data for cross-border transfer security assessment. Secondly, it specifies the conditions for data cross-border transfer that are exempted from declaring the security assessment of cross-border data transfer, signing and filing a Standard Contract for the Cross-border Transfer of Personal Information, and applying for Personal Information Protection Certification. Third, it establishes a negative list system for pilot free trade zones. Fourth, adjusting the conditions for data cross-border transfer that should be declared for the security assessment of cross-border data transfer, signing and filing a Standard Contract for the Cross-border Transfer of Personal Information, and applying for Personal Information Protection Certification. Fifth, the validity period of the results of the security assessment of cross-border data transfer should be extended, and the provision that data processors may apply for an extension of the validity period of the assessment results should be made.

On September 24, 2024, the State Council issued the Regulations on Network Data Security Management (《網絡數據安全管理條例》) which took effect on January 1, 2025. The regulation introduces several key obligations, including requiring network data handlers to specify the purpose and method of personal information processing, as well as the types of personal information involved, before any personal information is handled. It also clarifies definitions for important data, outlines the obligations of those handling important data, establishes broader contractual requirements for data sharing between data handlers, and introduces a new exemption for regulatory obligations regarding cross-border data transfers. The regulation also provides that Network data processors conducting any data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant national regulations.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and implemented on November 1, 2019, and the Implementation Provisions of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, last amended on April 29, 2014 and implemented on May 1, 2014, registered trademarks in the PRC include commodity trademarks, service trademarks, collective trademarks and certification trademarks. The Trademark Office of China National Intellectual Property Administration handles trademark registrations and grants a term of ten years to registered trademarks, and another ten years if requested upon expiry of the first or any renewed ten-year term.

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, and latest amended on October 17, 2020 and came into effect on June 1, 2021 and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council and latest amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents in the PRC, which are invention patents, utility model patents and design patents. The protection period of a patent right for invention patents shall be 20 years, the protection period of a patent right for utility model patents shall be 10 years, and the protection period of design patent right is 15 years, both commencing from the filing date.

Software Registration

Pursuant to the Regulation on Computer Software Protection (《計算機軟件保護條例》) promulgated on June 4, 1991 by the State Council and last amended on January 30, 2013 and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on April 6, 1992 and last amended by the National Copyright Administration on July 1, 2004, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Domain Names

Pursuant to the Administrative Measures of Internet Domain Names (《互聯網域名管理辦法》) promulgated on August 24, 2017 and implemented on November 1, 2017 by the Ministry of Industry and Information Technology, the Ministry of Industry and Information Technology is the major regulatory body for national domain name services. The principle of "first-to-file" is adopted for domain name services The applicant of domain name registration shall provide the agency of domain name registration with the true, accurate and complete information about the domain name holder's identity for the registration purpose. Upon completion of the domain name registration, the applicant will become the holder of such registered domain names.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, last amended and implemented on August 5, 2008, RMB is freely convertible into other currencies for current accounts such as trade-related income and expenses and payments of interest and dividends. While for capital items such as direct equity investment, loan and divestment, the conversion of RMB into other currencies and the remittance of the converted foreign currencies outside China shall be subject to prior approval of the SAFE or its local branches.

Pursuant to the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies 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》), which was issued by the SAFE on February 13, 2015, implemented on June 1, 2015 and partially abolished on December 30, 2019, banks shall, on behalf of SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

The Circular of the SAFE on Reforming the Management Approach Regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), issued by the SAFE on March 30, 2015, last amended and became effective on March 23, 2023, allows foreign-invested enterprises to make equity investments by using RMB fund converted from foreign exchange capital. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. Furthermore, the Circular 19 and the Circular of the SAFE on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**") which was issued by the SAFE on June 9, 2016, last amended and implemented on December 4, 2023, stipulate that foreign-invested enterprises shall not use the RMB funds obtained from foreign exchange capital for payment outside of the business scope of the enterprises, investment in securities or financial schemes other than wealth management products and structured deposits with risk rating results not higher than Level 2, granting loans to non-connected enterprises or constructing or purchasing real estate that is not for self-use.

The Circular of the SAFE 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》) which was issued by the SAFE on October 23, 2019, last amended and implemented on December 4, 2023, canceled restrictions on the domestic equity investment by non-investment foreign-invested enterprises with their capital funds. The non-investment foreign-invested enterprises shall be allowed to use capital funds for domestic equity investment in accordance with the laws under the premise of not violating the Negative List and the authenticity and compliance of their domestic invested projects.

According to the Circular of the SAFE on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their income under capital accounts, such as capital funds, foreign debts and the proceeds from overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in line with provisions, and in compliance with the prevailing administrative regulations on the use of income under capital accounts. The bank in charge shall conduct spot checks in accordance with the relevant requirements.

Pursuant to the Circular of the SAFE on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014 and as amended by the Circular 16, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

LAWS AND REGULATIONS RELATING TO TAX

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT**" Law) promulgated by the SCNPC on March 16, 2007 and last amended and implemented on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the "**Regulations on the EIT Law**") promulgated by the State Council on December 6, 2007, last amended on December 6, 2024, and implemented on January 20, 2025, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign countries (regions) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%. According to the Administrative Measures for the Accreditation of High and New-Tech Enterprises (《高新技術企業認定管理辦法》) promulgated on April 14, 2008 and revised on January 29, 2016, the validity period of the High and New Tech Enterprise Certificate is three years.

VAT

Pursuant to the Provisional Regulations on the VAT of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council, last amended and implemented on November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on the VAT of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 15, 1993, last amended on October 28, 2011 and implemented on November 1, 2011 (collectively, the "VAT Law"), all taxpayers selling goods, providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods within the PRC shall pay the VAT. Unless provided otherwise, for general the VAT taxpayers selling services and intangible assets, the VAT is 6%.

The Notice of the MOF and the STA on Adjusting the VAT (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which was promulgated by the MOF and the STA on April 4, 2018 and came into effect on May 1, 2018, adjusts the applicable rate of the VAT and stipulates that for a taxpayer who engages in a taxable sales activity for the VAT purpose or importation of goods, the previous applicable tax rates of 17.0% and 11.0% would be adjusted to 16.0% and 10.0%, respectively.

According to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) promulgated by the MOF and the STA and the GAC on March 20, 2019 and effective from April 1, 2019, the VAT rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively. And in accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products (《關於軟件產品增值稅政策的通知》) which was promulgated by the MOF and the SAT on October 13, 2011 and came into effect on January 1, 2011, a VAT general taxpayer selling software products developed and produced by itself shall be subject to levying and collection of VAT at the tax rate of 13%, and the policy of forthwith levy and forthwith refund shall be implemented for the portion of VAT actually paid which exceeds 3%.

According to the Announcement on the Value-added Tax Super-deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值稅加計抵減政策的公告》), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to add an extra 5% based on the deductible input tax for the current period for deduction of the VAT payable (hereinafter referred to as the super-deduction policy). For the purpose of this Announcement, an "advanced manufacturing enterprise" refers to a general taxpayer in the manufacturing industry among high and new-tech enterprises (including their unincorporated branches), while high and new-tech enterprises refer to those recognized in accordance with the provisions of the Circular of the Ministry of Science and Technology, the Ministry of Finance and the State Taxation Administration on Revising and Issuing the Administrative Measures for the Accreditation of High and New-Tech Enterprises (《高新技術企業認定管理辦法》).

Tax on Dividends

Individual investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "**IIT Law**"), which was latest amended on August 31, 2018 and its implementation rules, for individual income including interest, dividend and bonus, individual income tax with applicable proportional tax rate of 20% shall be paid. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. According to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》) promulgated on May 13, 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise investors

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the Company Law and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. When the PRC Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. If the accumulated amount of the statutory reserve fund reaches 50% of the registered capital, the Company is released from the obligation of withholding statutory reserve fund. Where the statutory common reserve fund of the company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawal of the statutory common reserve fund in accordance with the above provisions.

After making allocation to the statutory provident fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at the general meeting, also allocate funds from the after-tax profits to the discretionary provident fund. The residual after-tax profits after a company has made up its losses and accrued reserve can be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association. The company shall not distribute any profits in respect of the shares held by it.

In accordance with the EIT Law and its implementation rules, a uniform enterprise income tax rate of 25% is imposed on all resident enterprises in China, including foreign-invested enterprises; a non-resident enterprise is generally subject to enterprise income tax at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the STA on November 6, 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the STA on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal

Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書), which came into effect on December 6, 2019, added a criterion for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the statutory requirements of PRC tax law documents, such as the Notice of the STA on the Issues Concerning the Enforcement of the Dividend Clauses of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL SECURITY

Labor Contract

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and last amended and implemented on December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, last amended on December 28, 2012 and implemented on July 1, 2013 and the Implementation Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated and implemented by the State Council on September 18, 2008, an employer shall establish and improve labor rules and regulations according to the laws, and shall strictly comply with the national standards, provide relevant training to its employees, protect their labor rights and perform its labor obligations. If an employer establishes labor relationship with an employee, they should enter into a written labor contract. Labor contracts shall be categorised into fixed-term labor contract, unfixed-term labor contract and labor contract for the completion of certain work assignments. The wages payable by an employer to its employees shall not be less than local minimum wage. In addition, an employer must establish and improve the labor safety and health system, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for employees, so as to prevent accidents in the labor process and reduce occupational hazards.

Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), promulgated by the SCNPC on October 28, 2010 and last amended and implemented on December 29, 2018, and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated by the State Council on January 22, 1999 and last amended and implemented on March 24, 2019, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge of the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times the total outstanding amount.

Housing Provident Fund

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1994 and last amended and implemented on March 24, 2019, employers are required to make contributions to housing provident funds for their employees. Any entity fails to make payment of housing provident fund within the time limit or has shortfall in payment of housing provident fund will be ordered to make the payment or makeup the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court.

LAWS AND REGULATIONS RELATING TO OVERSEAS LISTING

On February 17, 2023, with the approval of the State Council, the CSRC promulgated 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》) (the "**Trial Measures**") and five relevant guidelines, which came into force on March 31, 2023. According to the Trial Measures, (i) PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings and fines, and its controlling shareholders, de facto controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) direct overseas offering and listing by domestic companies refers to the overseas offering and listing of the companies limited by shares registered and established in the PRC; and (iii) any companies limited by shares registered and established in the PRC are required to file with the

CSRC within three business days after their application document of overseas listing is submitted. Failure to complete the filing under the Trial Measures may subject a PRC domestic company to a rectification order issued by the CSRC, warnings, and a fine of RMB1 million to RMB10 million.

Besides, domestic companies seeking to overseas offering and listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC government on foreign investment, State-owned asset management, industry regulation, overseas investment, cybersecurity, data security, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors. A domestic company that conducts overseas offering and listing shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to fulfill its confidentiality responsibility, shall not divulge any state secret or the work secrets of state organs, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC if it is involved in the overseas provision of personal information and important data. In addition, the Trial Measures also list out the circumstances where overseas offering and listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by specific PRC laws and regulations; (ii) that constitutes a threat to or endangers national security; (iii) the PRC domestic company, or its controlling shareholder(s) and de facto controller(s), have committed relevant crimes such as corruption, bribery, misappropriation of property or undermining the order of the socialist market economy during the last three years; (iv) the domestic company is currently under investigations for alleged criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over the equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or de facto controller(s).

The CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the 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 "**Provisions on Confidentiality**") on February 24, 2023, and came into effect on March 31, 2023. Pursuant to the Provisions on Confidentiality, when a domestic company provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses such the documents and materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval, and file with the same level secrecy administration department. Domestic companies providing accounting archives or copies thereof to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities shall perform the relevant procedures according to relevant regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide related services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the PRC. Cross-border transferring of such working papers shall go through the examination and approval formalities in accordance with the relevant regulations.

OVERVIEW

The history of our Group can be traced back to 1999, when Beijing Sihitech Technology Development Co., Ltd. (北京宇信鴻泰科技發展有限公司) ("**Beijing Sihitech**"), one of our current subsidiaries, was established by our founder, Mr. Hong Weidong (洪衛東) ("**Mr. Hong**"). In August 2015, our Company was converted from a limited liability company into a joint stock company. Over the years, we have evolved into a PRC leading fintech solution provider in domestic and overseas market, providing full-stack technology solutions to a wide spectrum of financial institutions.

Since November 2018, our A Shares have been listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300674). As of the Latest Practicable Date, our total issued share capital was RMB704,057,060, comprising 704,057,060 A Shares, of which approximately 25.16% of the voting rights (excluding 13,818,156 A Shares which are held by our Company as treasury Shares) was controlled by Mr. Hong and Yuqin Hongtai. For Mr. Hong's biography, see "Directors and Senior Management" in this document.

OUR MILESTONES

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

Year	Event
1999	Beijing Sihitech, one of our current subsidiaries, was founded in the PRC.
2007	Our Group was listed on Nasdaq (stock code: YTEC).
2013	We were awarded the "Most Valuable Brand in Software and Information Technology Service Industry in the PRC" (中國軟件和信息技術服務業最有價值品牌) by China Software and Service Outsourcing Network (中國軟件和服務外包網) and China Brand Research Center of Capital University of Economics and Business (首都經貿大學中國品牌研究中心).
	Our Group completed its privatization and ceased trading on Nasdaq.
2016	Our Company was awarded the "Top 100 Enterprises with Comprehensive Strength in the Software and Information Services Industry in Beijing in 2016" (2016北京軟件和信息服務業綜合實力百強企業) by Beijing Software and Information Services Association (北京軟件和信息服務業協會).
2018	Our A Shares were listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300674).

Year	Event
	We were awarded the "Top 100 Enterprises in the China Software and Information Technology Services in 2018 in terms of Comprehensive Competitiveness" (2018年中國軟件和信息技術服務綜合競爭力百強企業) by China Electronic Information Industry Association (中國電子信息行業聯合會).
2019	We expanded our banking technology solutions business into various markets including Hong Kong, Macau, Singapore, Indonesia and Cambodia.
2023	We won the bid of the general infrastructure integrator shortlisting procurement project of a leading PRC joint-stock commercial bank with the order value of approximately RMB2 billion.
	We were awarded the "Digital Economy Benchmarking Enterprise in Beijing in 2023" (2023北京市數字經濟標桿企業) by Beijing Bureau of Economy and Information Technology (北京市經濟和信息化局), Beijing Software Industry Association (北京市軟件行業協會), Digital Economy Promotion Center (數字經濟促進中心) and China Academy of Information and Communications Technology (中國信息通信研究院), collectively.
2024	We established a joint venture with an asset management company to jointly explore the market of non-performing personal loan assets and build a benchmark combination of finance and technology.
	We were awarded the "Top 100 Private Enterprises in Beijing in 2024" (2024北京民營企業百強榜單) by Beijing Municipal Federation of Industry and Commerce (北京市工商業聯合會).
	We were awarded the "Top 100 Private Enterprises in Science and Technology Innovation Area in Beijing in 2024" (2024北京民營企業科技創新百強榜單) by Beijing Municipal Federation of Industry and Commerce (北京市工商業聯合會).

OUR MAJOR SUBSIDIARIES

The following sets out the principal business activities, place of establishment and date of establishment and commencement of business of our subsidiaries that made a material contribution to our results of operations during the Track Record Period.

Name of subsidiary	Place of establishment	Date of establishment	Equity interest attributable to our Group	Principal business activities
Zhuhai Yuxin Yicheng	PRC	May 9, 2014	100%	provision of technology services; technology development
Xiamen Yuxin Hongtai[(1)] . . .	PRC	March 14, 2017	100%	software development; provision of technology consultation services

Note:

(1) Xiamen Yuxin Hongtai is a wholly-owned subsidiary of Zhuhai Yuxin Yicheng.

As of the Latest Practicable Date, our Company had a total of 30 subsidiaries, 19 of which were wholly owned by us. For details of changes in the registered capital of our subsidiaries, see "Statutory and General Information — A. Further Information about Our Group — 3. Changes in the Share Capital of Our Subsidiaries" in Appendix VI to this document.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

1. Early Development of Our Company

The history of our Group can be traced back to 1999, when Beijing Sihitech, one of our current subsidiaries, was established by our founder, Mr. Hong, in the PRC. On October 19, 2006, our Company, then known as Beijing Yusys Yicheng Technologies Co., Ltd. (北京宇信易誠科技有限公司), was incorporated in the PRC.

2. Conversion into a Joint Stock Company

In August 2015, our Company was converted into a joint stock company, and changed its name to Yusys Technologies Co., Ltd. (北京宇信科技集團股份有限公司). Upon completion of the conversion, our Company had a total share capital of RMB360,000,000 divided into 360,000,000 Shares.

3. Listing on the Shenzhen Stock Exchange

On November 7, 2018, our A Shares were listed on the ChiNext Board of the Shenzhen Stock Exchange under the stock code 300674. In connection with the A Shares listing, we issued an aggregate of 40,010,000 A Shares, accounting for approximately 10.002% of our then enlarged share capital, raising net proceeds of approximately RMB288.38 million.

4. Private Placement of A Shares in 2022

In February 2022, our Company conducted a placement of A Shares to qualified investors (the "**2022 A Share Placement**") to raise funds for the R&D expenditure and the development of our client service platforms and supplement our working capital. Pursuant to the 2022 A Share Placement, 50,452,488 new A Shares were issued and the offer price was RMB22.10 per A Share, which was determined based on various factors, including, among other things, the average trading price of our A Shares of the 20 trading days prior to the pricing date and the indicative investment interest of potential investors. The 50,452,488 new A Shares were placed to 16 investors which are Independent Third Parties, raising net proceeds of approximately RMB1,097.00 million, approximately 62.6% of which had been utilized as of December 31, 2024. Immediately following the completion of the 2022 A Share Placement, our registered capital was increased to RMB711,626,137 in February 2022.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

PRIOR LISTING ON THE NASDAQ AND DELISTING

On March 14, 2007, our Group completed its listing on the Nasdaq. The shares of Yucheng Technologies Limited ("**Yucheng**"), the listing vehicle and the offshore holding company of our operating subsidiaries at that time, were listed on the Nasdaq.

On May 21, 2012, in order to allow our Group to better adjust our strategy, and considering that our Group's value cannot be reasonably reflected due to the overall downturn of the Chinese concept stocks in the US market at that time, Mr. Hong issued a non-binding proposal to the board of directors of Yucheng to purchase all of the outstanding shares of Yucheng that were not beneficially owned by Mr. Hong and his affiliated companies, for a cash consideration equal to US$3.8 per share (the "**Privatization Proposal**"). The final consideration agreed in the Merger Agreement (as defined below) was equal to US$3.9 per share, representing a premium of approximately 26.6% over the closing price and a premium of approximately 43.4% over the 90-trading day volume weighted average price on May 18, 2012, the last trading day prior to the announcement issued by Yucheng on May 21, 2012 that it had received the Privatization Proposal.

On August 13, 2012, Yucheng, New Sihitech Limited (a BVI company wholly owned by Mr. Hong at that time) and New Sihitech Acquisition Limited (a BVI company wholly owned by New Sihitech Limited) (the "**Merger Subsidiary**") entered into an agreement and plan of merger (the "**Merger Agreement**"), pursuant to which each of the issued and outstanding shares of Yucheng shall be canceled in exchange for the right to receive an amount in cash equal to US$3.9 per share, and the Merger Subsidiary would be merged into Yucheng (the "**Merger**"), with Yucheng surviving the Merger and becoming a directly wholly-owned subsidiary of New Sihitech Limited.

The privatization was financed by equity commitment by Mr. Hong through contributing the shares of Yucheng held by him to New Sihitech Limited, and debt financing from the institutional investors to New Sihitech Limited.

As confirmed by our Company, (i) Yucheng was in material compliance with all applicable U.S. securities laws and regulations as well as rules and regulations of Nasdaq during the period when it was listed on the Nasdaq; (ii) Yucheng was not subject to any material disciplinary action by the relevant regulators during the period when it was listed on the Nasdaq; and (iii) there are no matters in relation to the Nasdaq listing and the delisting that need to be brought to the attention of our Shareholders and the investors.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since November 2018, our Company has been listed on the ChiNext Board of the Shenzhen Stock Exchange. Our Directors confirm that, since our A Share Listing and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, there are no material matters in relation to our compliance record on the Shenzhen Stock Exchange that should be brought to the attention of the Stock Exchange or potential [**REDACTED**] of the [**REDACTED**]. Our PRC Legal Advisors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or material regulatory measures imposed by PRC securities regulatory authorities, and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects.

Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisors' view above, no material matter has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of our Company on the Shenzhen Stock Exchange.

We seek to [**REDACTED**] our H Shares on the Stock Exchange to raise additional capital for accelerating global expansion and enhancing our international competitiveness, advancing research and the application of cutting-edge technologies, promoting our strategic cooperations and investments, establishing new sales channels and upgrading our operational services to consolidate domestic market leadership and further enhance operational capabilities and supplementing working capital for general corporate purposes. For details, see "Business — Our Business Strategies" and "Future Plans and Use of [**REDACTED**]" in this document.

[**REDACTED**]

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the 13,818,156 A Shares held by our Company as treasury shares and the Shares held by our core connected persons will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. For the purpose of this section, the following percentages to the total issued share capital of our Company exclude the 13,818,156 A Shares held by our Company as treasury shares. Details of these core connected persons are set out below:

- Mr. Hong Weidong (洪衛東), being an executive Director, the chairman of our Board, the chief executive officer and our general manager, is a core connected person of our Company, indirectly holding approximately [**REDACTED**]% of the total issued share capital of our Company through Yuqin Hongtai;

- Mr. Dai Steve Shiping (戴士平), being an executive Director and a deputy general manager, is a core connected person of our Company, directly holding approximately [**REDACTED**]% of the total issued share capital of our Company; and

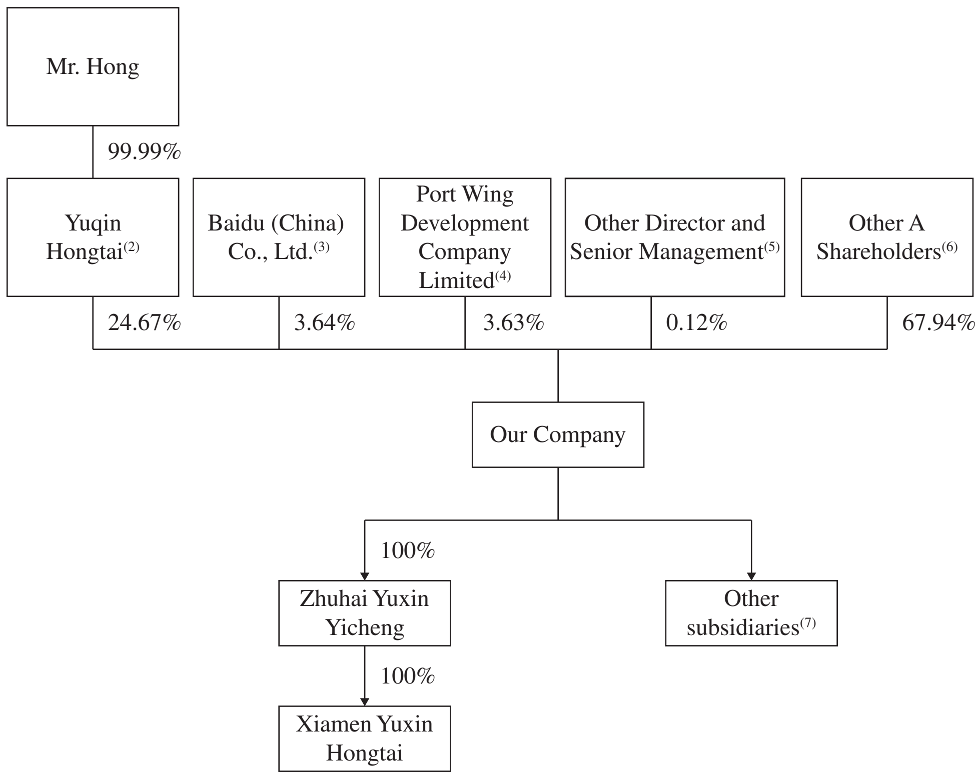
- in respect of the A Shares held under the 2023 Employee Stock Ownership Scheme, as the scheme was managed by its management committee (which exercises the shareholder rights with respect to the A Shares held under such scheme) which includes the member who serves as the general manager of a subsidiary of our Group, the 251,000 A Shares held under the 2023 Employee Stock Ownership Scheme will not be considered as part of our [**REDACTED**].

Save as disclosed above, upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the Shares held by our other Shareholders (including our H Shareholders and A Shareholders) will be counted towards the [**REDACTED**]. Therefore, it is expected that upon the [**REDACTED**], our Company will be able to meet the [**REDACTED**] requirements under Rule 8.08(1) of the Listing Rules.

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth the simplified shareholding(1) and corporate structure of our Group immediately before the [**REDACTED**]:



Notes:

(1) The total issued share capital of our Company in this chart includes the 13,818,156 A Shares held by our Company as treasury shares.

(2) As of the Latest Practicable Date, Yuqin Hongtai was held by Mr. Hong, our executive Director, and an associate of Mr. Hong, as to 99.99% and 0.01%, respectively.

(3) As of the Latest Practicable Date, Baidu (China) Co., Ltd. was an indirectly wholly-owned subsidiary of Baidu, Inc, a company listed on the Nasdaq (Stock Code: BIDU) and the Stock Exchange (Stock Code: 9888).

(4) As of the Latest Practicable Date, Port Wing Development Company Limited was 100% owned by Yucheng Technologies Limited, which was held as to approximately 4.95% by Mr. Dai Steve Shiping (戴士平), our executive Director, and the remaining equity interests of Yucheng Technologies Limited were held by the Independent Third Parties.

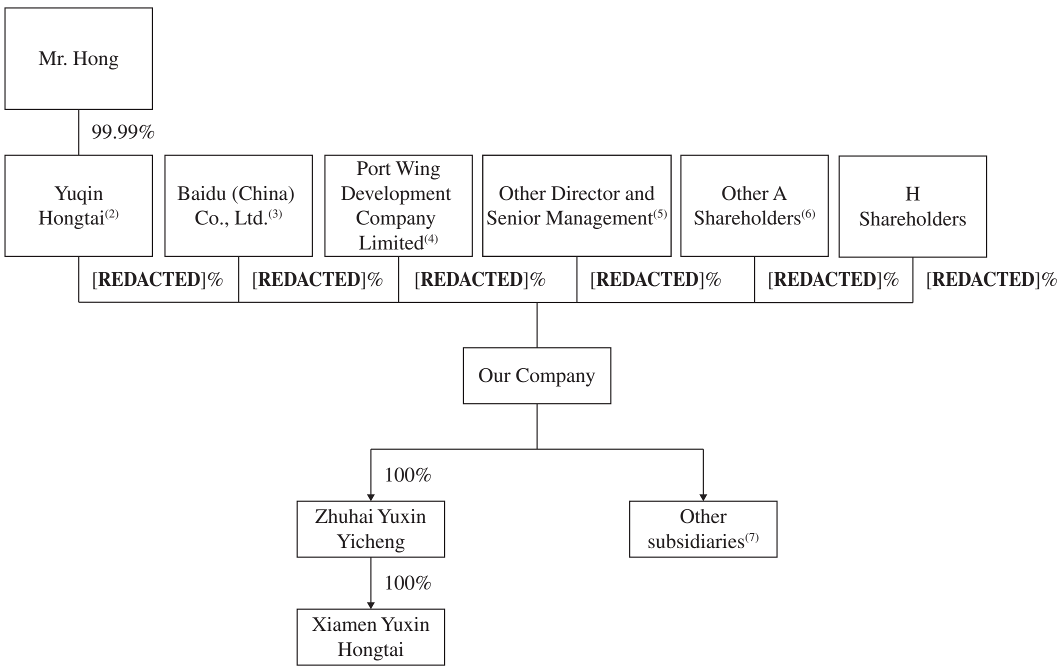
(5) As of the Latest Practicable Date, Mr. Dai Steve Shiping (戴士平) (our executive Director and one of our deputy general managers), Mr. Jin Jiabin (井家斌) (one of our deputy general managers), Mr. Zheng Chun (鄭春) (one of our deputy general managers), Mr. Zhai Hanbin (翟漢斌) (one of our deputy general managers), Mr. Wang Ye (王野) (one of our deputy general managers) and Mr. Shen Bo (沈波) (one of our deputy general managers) each held approximately 0.04%, 0.03%, 0.02%, 0.01%, 0.01% and 0.01% of the equity interests in our Company, respectively.

(6) As of the Latest Practicable Date, our 2023 employee stock account held 251,000 A Shares, representing approximately 0.04% equity interests in our Company. Among the A shares under the 2023 employee stock account, Ms. Wu Hong (吳紅) and Ms. Zhou Fan (周帆) held 50,000 and 22,500 A Shares respectively as of the Latest Practicable Date.

(7) As of the Latest Practicable Date, our other subsidiaries included, in aggregate, 28 subsidiaries established in various jurisdictions. Among all of our subsidiaries, (i) 19 subsidiaries were wholly owned by us, and the other shareholders of the remaining non-wholly owned subsidiaries were the Independent Third Parties; and (ii) one subsidiary had initiated the deregistration procedures, which had not been completed as of the Latest Practicable Date.

Corporate Structure Immediately Following the [REDACTED]

The following chart sets forth the simplified shareholding(1) and corporate structure of our Group immediately after the completion the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).



Notes:

(1) – (7) See "— Corporate Structure — Corporate Structure Immediately Before the [**REDACTED**]" in this section.

OUR MISSION

To lead in financial technology innovation, build a fintech ecosystem, and empower the digital and intelligent development of the financial industry with our professional capabilities.

OUR VISION

Empowering finance through technology, building a long-lasting legendary brand.

OUR GROUP

We are a PRC leading fintech solution provider operating in domestic and overseas market, providing full-stack product-oriented technology solutions to a wide spectrum of financial institutions.

Business Highlights

Leading Market Position

Market Share in Banking Fintech Solution among Listed PRC Companies (2022 – 2024)	Market Share in Customer Relationship Solution among Listed PRC Companies (2023)	Market Share in Business Intelligence Solution among Listed PRC Companies (2023)	Market Share in Management and Regulation IT Solution among Listed PRC Companies (2023)
Market Share in Online Banking Solution (2023)	Market Share in Internet Lending Solution (2023)	Market Share in Credit Management System Solution (2023)	Market Share in Regulatory Reporting Solution (2023)

We have been rooted in the financial technology industry for over two decades, and our comprehensive customer base covers a wide spectrum of bank and non-bank institutions. We have been deeply involved in and promoted the global-leading digital and intelligent transformation process of China's financial institutions and achieved full coverage of financial business scenarios. Benefitted from our profound industry experience and outstanding product capabilities accumulated from our long-term business operation, we maintain a leading market position and have achieved prestigious industry reputation and brand recognition, including:

- According to the CIC Report, in terms of revenue, we ranked *first position* and *top market share* among listed PRC companies in banking fintech solution market for three consecutive years during the Track Record Period.

- According to the CCID Report, we ranked *first position* in customer relationship management solution market among listed PRC companies in 2023, with a market share of 12.0%.

- According to the CCID Report, we ranked *first position* in the business intelligence solution market among listed PRC companies in 2023, with a market share of approximately 10.0%.

- According to the CCID Report, we ranked *first position* among listed PRC companies in management and regulatory IT solution market in 2023, with a market share of 7.9%.

- According to the CCID Report, we ranked *first position* in the online banking solution market in 2023, with a top market share of 35.7%.

- According to the CCID Report, we ranked *first position* in the Internet lending solution market in 2023, with a top market share of 21.7%.

- According to the CCID Report, we ranked *first position* in the credit management system solution market in 2023, with a top market share of approximately 14.7%.

- According to the CCID Report, we ranked *first position* in the regulatory reporting solution market in 2023, with a top market share of 13.9%.

In addition, according to the CIC Report, in terms of customer number accumulatively served from 2022 to 2024, we ranked *first position* among listed PRC banking fintech companies, with more than 1,000 customers accumulatively served during the Track Record Period.

Remarkable Business Achievements

- Outstanding Financial Information Technology Innovation Solutions of 2023

  In 2023, we were awarded by Financial Innovation and Transformation Ecosystem Laboratory led by People's Bank of China as Outstanding Financial Information Technology Innovation Solutions of 2023 in the following areas:

  √ new-generation calculation platform solution
  √ all-element data asset management solution
  √ financial hybrid cloud management solution
  √ special asset management system solution
  √ new-generation unified payment platform solution
  √ cloud platform-based integrated data middle platform system solution
  √ solution for enhancing regulatory reporting system capabilities
  √ retail intelligent marketing system solution

- Best Innovation Application Project for Digital Transformation in the Financial Industry in 2023 – 2024

  In 2024, we successfully launched an enterprise-level regulatory data management system construction project for a joint-stock bank, which was awarded by CCID as the Best Innovation Application Project for Digital Transformation in the Financial Industry in 2023-2024.

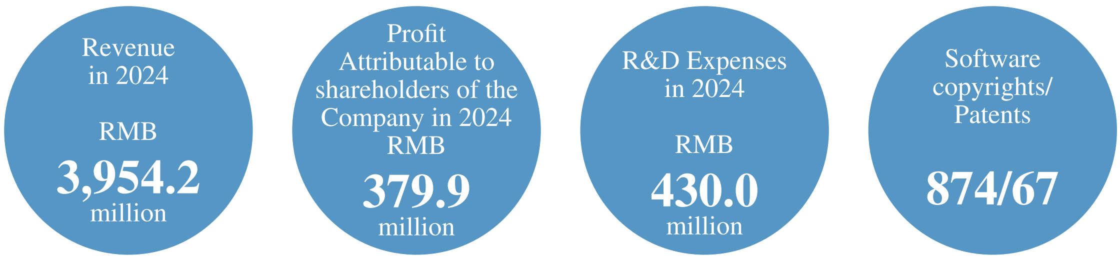
  In 2024, we successfully launched an integrated DevOps platform for agile regulatory statistics for a joint-stock bank, which was awarded by CCID as the Best Innovation Application Project for Digital Transformation in the Financial Industry in 2023-2024.

- Since 2022, we have successfully upgraded and replaced the core system of the overseas branch of a major international commercial bank, demonstrating our ability to deploy domestically-developed products and solutions successfully in overseas markets.

- Since 2022, we have been continuously supporting the personal digital banking operations of an overseas digital bank, facilitating the successful rollout of its digital banking services and contributing to its rapid business growth.

Proven Track Record Period

Established in 1999, we are one of the earliest domestic enterprises to provide technology solutions for China's financial industry, and have maintained growth and innovation for over two decades. Our management team brings extensive experience and a global perspective in the field of financial technology solutions, providing the vision and leadership that have driven our sustained operational excellence.



In 2024, our revenue reached approximately RMB3,954.2 million, with a net profit attributable to shareholders of approximately RMB379.9 million and R&D investment totaling approximately RMB430.0 million. As of the Latest Practicable Date, we held 874 software copyrights and 67 patents, underscoring our ongoing commitment to innovation and intellectual property development.

Business Overview

With over two decades of dedicated industry engagement, we have built extensive expertise and a robust client base, actively driving the digital and intelligent transformation of China's financial sector and achieving full coverage of all major financial business scenarios.

Comprehensive Customer Coverage: Our technology solutions cover the entire financial industry ecosystem. We serve China's central bank, the three policy banks, all six major state-owned commercial banks, 12 joint-stock commercial banks, over 380 regional commercial banks, rural credit cooperatives, rural commercial banks, and village/town banks. We also provide products and services to more than 50 foreign banks, as well as over 40 non-bank institutions, including consumer finance, auto finance, financial holding, treasury, insurance, and trust companies. This comprehensive coverage enables us to meet the complex and diverse needs of the financial sector, while expanding into select non-financial industry segments as well.

Full-Stack Products and Services: Our business focuses on three main segments: technology solutions for banks, technology solutions for non-bank institutions, and innovative operation services. Our products and services cover the full value chain of financial institutions, supporting front-office, middle-office, and back-office operations. We maintain leadership in several sub-sectors, including online banking, loan management, business intelligence, risk management, and regulatory reporting. Our proprietary softwares and solutions are developed in-house, allowing for deep customization to meet client-specific scenarios. With our financial cloud operations and advanced software development capabilities, we help clients maximize efficiency and value through comprehensive, full-stack technology solutions.

Pioneering AI+ Fintech Applications: We are actively exploring the opportunities brought by generative AI technologies, with a clear focus on practical financial applications. Our full-stack large model AI service system covers every layer, from computing infrastructure and foundational models, to application enablement and business scenario solutions, providing clients with multi-dimensional, scalable support. Leveraging our strong position in several key fintech domains, we continue to drive innovation in AI-powered business scenarios, including intelligent lending/marketing/post-loan management/outbound services, remote banking and mobile workstations. Our full-stack AI applications for banking scenarios integrates hardware and software for agile, plug-and-play deployment, offering controllable, highly adaptive solutions tailored to the unique needs of each client.

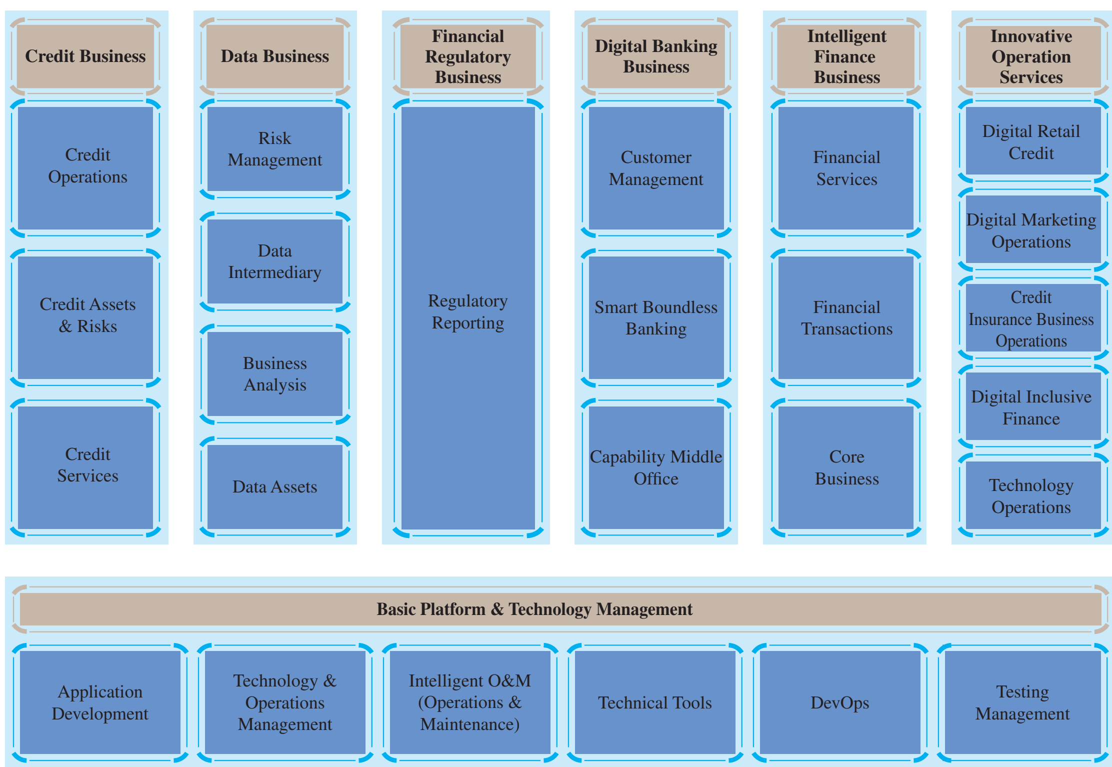
Robust International Presence: In recent years, we have established a professional international team and made significant investments in upgrading our entire product line for overseas markets, including core banking systems, data solutions, channel platforms (including enterprises online banking and super-application), and lending products to meet the needs of international financial institutions. Leveraging our extensive experience in China's market and our well-suited products for overseas markets, we continue to expand our business in the overseas market. These efforts have positioned us to effectively support global clients in their intelligence transformation journeys.

Value-Sharing Innovative Operation Services: By advancing performance-based operation service models and empowering clients with an array of products and services, we support the development of diverse operational scenarios, including retail lending and non-performing loan management. We also explore new collaborative models, such as financial cloud-based partnerships, which foster digital transformation in retail finance and enhance the operational effectiveness of non-bank institutions and small-to-medium-sized banks. We believe that with the end-to-end technical empowerment from top-level design to underlying infrastructure, we are enabled to help clients extend business boundaries and unlock new growth opportunities.

Cutting-Edge Innovation with Self-Reliance and Controllability: As China's fintech industry accelerates toward self-driven innovation, we are deeply committed to advancing self-reliable and controllable technology. Our technology solutions cover all critical business domains, including core systems, payments and clearing, data management, risk control, forming a full-stack technology solutions matrix. With practical expertise in hardware, application services, platform/cloud, and data center solutions, as well as a microservices-based, modular design philosophy, our offerings adapt seamlessly to the needs of our clients.

Selection of Our Technology Solutions

Our deep understanding of the unique requirements of financial institutions, combined with the integrated strengths of our product lines, enables us to pursue cross-sector development opportunities in various business scenarios and expand our business reach through effective cross-selling and ecosystem collaboration. The table below sets forth a selection of products and services provided by our Group. See "— Our Solutions."



Customer Engagement

With robust R&D capabilities and a highly integrated technology platform, we are committed to providing our clients with intelligent, reliable and all-in-one solutions that drive the adoption of advanced technologies across the financial sector. Our technology solutions are built on continuous customization and innovation, allowing us to deeply understand the evolving functional and business scenario needs of financial institutions as they undergo digital transformation. We respond quickly to client requirements with efficient project implementation and delivery, leveraging a mature project management system and experienced teams to support financial institutions rapidly launch new products and gain a competitive edge in the market.

Recognizing the critical importance of data security and system stability in the financial industry, we have developed a reliable system architecture and utilize multiple encryption technologies and security safeguards. This ensures the stable and secure processing of data and supports the large-scale adoption of online financial services and innovative business applications. Guided by our philosophy of *focus on finance, serve with sincerity* we have established strong, long-term relationships with leading financial institutions and industry leaders, building a broad client network that spans banks, insurance, securities, and other financial sectors. According to the CIC Report, we ranked first position in terms of accumulatively served customer numbers from 2022 to 2024 among listed PRC banking fintech companies. Also, we maintain 100% penetration among China's central bank, policy banks, state-owned banks and joint-stock commercial banks, representing a testament to our outstanding market reputation and commercial success.

Internationally, we are executing our "Going Global" strategy, making sustained investments in teams, resources, and product R&D for overseas markets. Our business lines have achieved significant progress across several other countries and regions, driving rapid growth in overseas revenue. Using our southern headquarters as the base for global expansion, we continue to extend our reach across Southeast Asia, and the Middle East, leveraging our technology, product, and operational strengths to help international financial institutions enhance their overall operational capabilities. Notably, in 2024, we secured several new overseas contracts with large contracted amounts, including a landmark core banking system project for the Hong Kong and international branches of a multinational bank–the largest single software contract in our company's history–setting a new benchmark for our overseas business and marking a milestone in our global journey.

Our large and stable network of business partnerships not only demonstrates the strong technical capabilities and market competitiveness of our solutions, but also reflects our deep understanding of client needs and our ability to respond swiftly and effectively.

Market Opportunities

Financial technology has become a key driver of global financial industry innovation. According to the CIC Report, global market size of technology solutions for financial institutions grew from RMB1.8 trillion in 2020 to RMB2.8 trillion in 2024, with a CAGR of 11.6%. The role of technology solutions has evolved from passive support to deep integration within business processes, actively enabling operational advancement. Concurrently, financial institutions are actively adopting AI technologies to deploy industry-specific large language models and building AI capability clusters to maintain competitive edges. These drivers are fueling faster expansion of the global technology solution for financial institutions market. According to the CIC Report, the global fintech solution market is projected to reach RMB5.1 trillion in 2029 at a CAGR of 12.2% from 2024 to 2029, outpacing the previous five-year growth trajectory.

As a major global financial market, China offers vast opportunities for fintech innovation. In recent years, domestic financial institutions have increasingly emphasized informatization, digitalization, and intelligent upgrading, driving demand for fintech. At the policy level, in March 2025, the General Office of the State Council issued the "Guiding Opinions on Doing a Good Job in Five Major Areas in Finance (《國務院辦公廳關於做好金融「五篇大文章」的指導意見》)," which outlines the key areas for financial support in high-quality economic development and the basic direction for optimizing the economic and financial structure. It calls for the active development of tech-driven finance, green finance, inclusive finance, pension finance, and digital finance, and emphasizes strengthening high-quality financial services for major strategies, key areas, and weak links. AI technology is also transforming the financial industry's operation model, driving the fintech market into a new intelligent stage. AI applications in finance are becoming more extensive and in-depth, from intelligent customer service and marketing to risk control and regulatory compliance. This improves the accuracy and real-time nature of financial decision-making. According to the CIC Report, China's market size of technology solution for financial institutions grew from RMB152.0 billion in 2020 to RMB235.5 billion in 2024 at a CAGR of 11.6%. As technology and business integration drive the evolution of this market, it is now transcending mere efficiency improvements and moving toward deeper ecosystem restructuring, the market size of China's technology solution for financial institutions is expected to expand at a CAGR of 12.9% from 2024 to 2029, reaching RMB431.3 billion by 2029.

Overseas markets, especially emerging ones in Southeast Asia and the Middle East, have strong digital transformation demands similar to China's financial industry informatization and digital upgrade path. The growth of emerging markets provides new momentum for the fintech solution market. For example, Southeast Asia's fintech development relies primarily on solution providers, creating prime expansion territory for global participants like us. According to CIC Report, the market of technology solution for financial institutions in Southeast Asia grew from RMB38.1 billion in 2020 to RMB61.3 billion in 2024 at a CAGR of about 12.6%, and is projected to reach RMB119.1 billion by 2029 with a CAGR of 14.2%. With the acceleration of Chinese financial institutions' internationalization and the Belt and Road Initiative, Chinese fintech solution providers encounter new growth opportunities. In this new wave of Chinese fintech companies "going global," they are shifting from offering digital solutions for overseas financial business scenarios to the "experience transfer and localized refinement" strategies, providing technology-enabled services for key business areas of overseas banks. Leveraging their capabilities honed in China's high-concurrency environments, big data ecosystems, and diverse-scenario markets to deliver localized, differentiated end-to-end fintech solutions across emerging market financial institutions. This helps upgrade traditional banking system, empower next-generation bank models, build full-stack operational platforms, and drive sustainable growth for emerging market clients.

OUR COMPETITIVE STRENGTHS

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

Leading Position as A Fintech Solution Provider in China

We are a leading provider of fintech solutions in China, offering a diverse array of products and services to banks and non-bank institutions. Our leadership in the Chinese fintech solutions market is underpinned by our professional capabilities accumulated in financial business scenarios, leading product research and development capabilities, robust commercialization, comprehensive financial business systems, and a superior full-stack technology platform, which together create a significant competitive edge.

Our product-oriented technology solutions are not only technologically advanced but also highly competitive in market application and delivery. According to the CIC Report, in terms of revenue generated in the respective years, we ranked first position in banking fintech solution market among listed PRC companies for three years from 2022 to 2024. According to the CCID Report, we ranked first position in terms of market share in credit management system, online banking, regulatory reporting, and internet lending. Meanwhile, according to the CCID Report, we also ranked first position among listed PRC companies in solutions for business intelligence, customer relationship, and management and regulation.

Leveraging our commercial and technical strengths, we also have achieved remarkable success in overseas markets, particularly in Southeast Asia, where we have established benchmark projects and enhanced our market influence.

Comprehensive Experience in Fintech Solution Market and Extensive Customer Base

Since our inception, we have played an integral role in supporting the world-leading digital transformation of China's financial institutions, earning trust from a wide range of customer base. Our customer portfolio covers the entire spectrum of the industry, including China's central bank, all three policy banks, six major state-owned commercial banks, 12 joint-stock banks, more than 380 regional commercial banks, rural credit cooperatives, rural commercial banks, and village/town banks. In addition, we also serve a diverse group of over 40 non-bank institutions, such as consumer finance, auto finance, financial holding, treasury, insurance, and trust companies.

Our deep involvement with such an extensive customer base has provided us with profound insights into the unique requirements of financial institutions in information technology infrastructure, channel and business system development, and management platform construction. Due to stringent requirements inhibited in the complexity and criticality of information technology systems in the financial industry, financial institutions often favoring partners with a proven track record and well-established reputation. Over the past two decades of close collaboration with our clients, we have not only honed our technical and business solution advantages but also built a 7x24 rapid-response service capability for financial business systems, allowing us to respond to ever-evolving regulatory, operational, and business needs, and to deliver stable, secure, and innovative technology solutions. By integrating our software products, business know-how, and platform services, we have achieved breakthroughs in new business scenarios and innovative operations as financial institutions undergo digital transformation.

Our extensive industry experience and solid client base not only strengthen our brand, but also create a virtuous cycle, enabling us to attract new clients and expand into international markets by leveraging our technical expertise, best practices, and success stories. We have served more than 50 foreign banks up to the Latest Practicable Date, including six of the world's top ten banks for an average of over 10 years, with the longest service period exceeding 25 years. Echo with the "going global" strategy of Chinese enterprises, we expect to accelerate global expansion through local market promotion, products localization and solutions delivery enhancement, and products and services upgrade. We believe that our ability to expand into overseas market can lead to increased revenue and profits by accessing new customer bases and diversifying income sources. It can also enhance our Company's brand recognition and competitiveness on a global scale, bringing about more business opportunities and potential for growth.

Full-Stack Products and Services Portfolio Covering the Full-Cycle of Financial Ecosystem

Through long-term collaboration with leading financial institutions, we have developed one of China's most comprehensive product portfolios among fintech solution providers, providing a full-stack technology solutions covering the full-cycle of financial ecosystem. Our platform supports the full spectrum of financial business scenarios, ranging from loan and asset management to channels and payment process, data analytics, payment and clearing, operational management, regulatory compliance, risk management, and core banking systems. We offer a variety of fintech products and services tailored for our clients, covering all-domain financial and non-financial business scenarios such as IT consulting, software products, solutions, implementation, maintenance, testing, system integration, and business operations.

With the industry-leading distributed technology, we have constructed an efficient and collaborative full-stack solution architecture. This system architecture covers all key links from the underlying data storage, intelligent processing platform to the upper-level core business systems, intelligent credit engine and data management tools, and supports flexible deployment in the customer's own data center or mainstream cloud platforms, including our Yuxin Financial Cloud. This holistic approach enables seamless support for hybrid cloud deployment models and ensures full compatibility with both leading public cloud platforms and our proprietary financial cloud ecosystem.

Our full-stack architecture is specifically engineered to address the evolving needs of our customers for elastic scalability, agile deployment, and highly efficient resource utilization. Through fine-grained resource scheduling and modular system design, our solutions help clients maximize system efficiency and adaptability in response to dynamic business requirements. Particularly, our full-stack architecture features a notable strength of its microservices-based framework, which enables business components to be flexibly decoupled and dynamically recombined as needed. Combined with our modular product suite, this empowers our clients to rapidly deliver tailored digital transformation solutions for diverse and complex scenarios, and therefore dramatically accelerating time-to-market and enhancing operational agility.

Supported by a workforce of over 10,000 employees and a mature service delivery system, we boast strong and rapid delivery capabilities to provide end-to-end support from IT consulting and development to integration, operations, and maintenance. We are committed to offering flexible, convenient, standardized, efficient, and professional services to boost our customers' progress in the field of digital and intelligent technology innovation, capturing emerging opportunities and driving sustained growth in the evolving financial landscape. Our continuous investment in distributed and cloud-native innovation enables us to quickly adapt to the demands of various new business scenarios, partnering with clients as they upgrade to new-generation digital infrastructure and driving the growth of our own business revenue.

Strategic Positioning in High-Value AI Application with a Focus on Adaption Capability and Ecosystem Cultivation

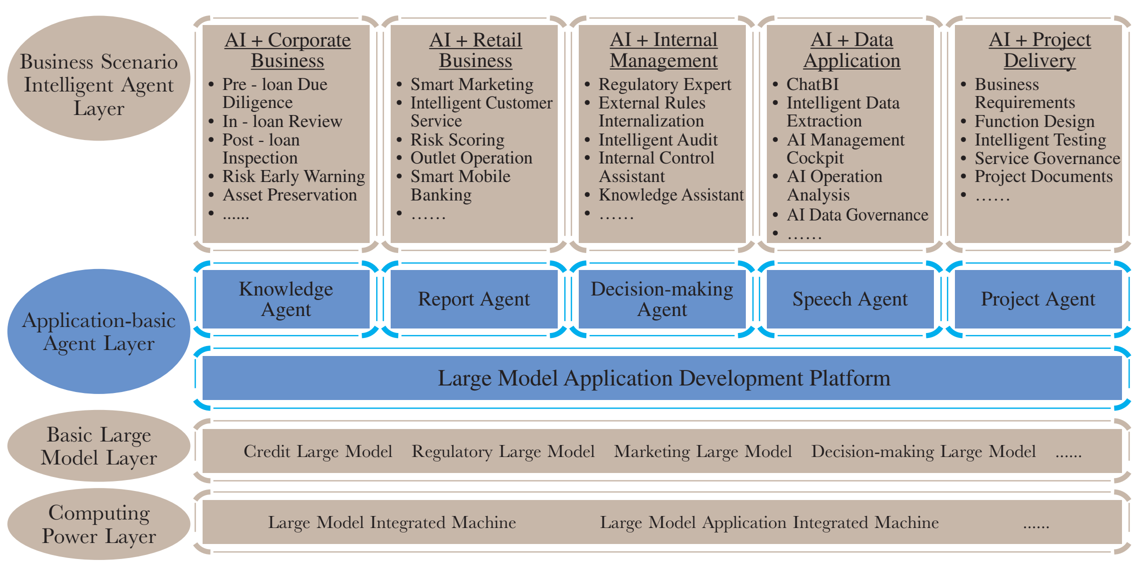
The fast-paced AI advancement is reshaping the financial industry and offering more advanced and intelligent tools for enhancement. We are at the forefront of driving AI innovation within the financial industry and strategically positioned to capture high-value AI application fields with a focus on building a collaborative ecosystem and comprehensive adaptation capabilities. We enjoy top-tier market share, in-depth scenario understanding and strong customer trust, and therefore established entry barriers and competitive strengths in AI application era.

Our competitive strength is rooted in building cutting-edge technology solutions with high-value, practical AI applications. We have established a comprehensive full-stack AI large-model service system that can adapt to various computing structures and large language models, supporting the application empowerment capabilities in different business scenarios. In high-value AI applications, we tailored our products and services for diverse financial business scenarios, ranging from lending and marketing to data intelligence, regulatory technology, knowledge management, and anti-money laundering.

In terms of business scenarios, we have established a robust ecosystem underpinned by strategic cooperations with domestic leaders in AI, cloud computing, and blockchain, creating a fully domestic-supported framework. We extract value from financial institutions' massive operational data to build innovative AI+ products. These products, equipped with advanced hybrid AI models, analyze multidimensional data like customer behavior and market trends, offering timely, precise, and intelligent decision-making support. By jointly developing integrated solutions with these partners, we ensure that our industry expertise and product capabilities are seamlessly embedded in the latest fintech innovations. This collaborative approach not only accelerates product delivery but also enables financial institutions to benefit from advanced, secure, and efficient AI-driven solutions.

In terms of products development, we actively work with leading domestic business intelligence and data security software vendors, and have pioneered the launch of all-in-one AI appliance for banking scenarios, which integrate both hardware and software in a single platform, supporting rapid, "out-of-the-box" deployment for a wide variety of use cases. Our AI products deliver significant improvements in operational efficiency and data security, helping clients adapt to ever-changing demands in the digital economy.

The diagram below illustrates our AI+ application initiatives:



Through these ongoing investments in AI and ecosystem integration, we continue to lead the industry in AI-powered transformation, providing our clients with the tools needed to enhance productivity, strengthen compliance, and realize new growth opportunities in an increasingly intelligent financial landscape.

Innovative Operation Capabilities to Advance Value-Sharing Cooperation

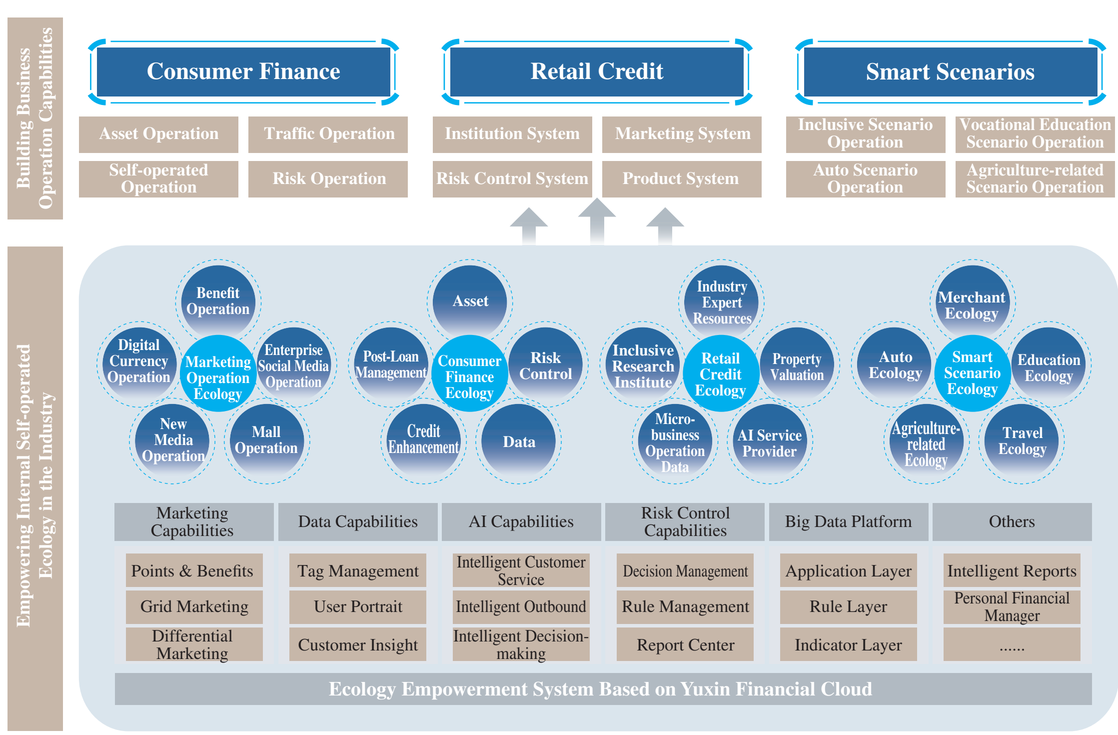
Built on our visionary industry insights, deep technological expertise and profound understanding of various business scenarios, we are among the first to introduce operation service models that go beyond traditional project delivery, establishing new mechanisms for value-sharing and long-term collaboration with our clients.

Our innovative operation services are based on our keen understanding of the challenges faced by financial institutions, particularly small and medium-sized banks, in achieving business growth, operational efficiency and risk control. By leveraging our technical platforms, industry resources, and operational experience, we offer a diverse range of operational services that are tailored to client needs. Our collaborative operation models, which combine both hardware and software solutions, help clients build and optimize systems while supporting the expansion of incremental business opportunities. Through these partnerships, we share in the incremental value created, deepening our relationships and aligning our interests with those of our clients.

In addition to providing products and services to our customers, we formed joint ventures with leading asset management companies and other partners, allowing us to deliver a full spectrum of services, including investment, evaluation, management, operation, and disposal of special assets. This multi-dimensional approach not only broadens our operational boundaries, but also enhances our competitive edge in serving both banking and non-banking financial institutions and further unlocks our growth potential.

Furthermore, we are actively exploring and expanding collaborative models based on financial cloud services. By innovating in digital credit operations, we are helping to drive the transformation of retail business models, empower non-bank institutions, and strengthen the operational efficiency and economic performance of client platforms.

The diagram below illustrates our innovative operation services provided to our customers:



Broad Market Opportunities from International Expansion and Localization

We operate in a large and high-growth market with accelerating momentum. Fintech solutions deliver advanced data analytics technologies and business intelligence tools. These capabilities enhance institutional commercial insights, support decision-making processes, and are underpinned by vast market potential. According to the Report, global technology spending of financial institutions grew from approximately RMB2.8 trillion in 2020 to RMB4.2 trillion in 2024, and is projected to accelerate further to reach RMB7.1 trillion by 2029. According to CIC, in 2024, technology solution for financial institutions accounted for 67.0% of global technology spending of financial institutions, a share projected to rise to 71.0% by 2029. The global technology solution for financial institutions market grew from RMB1.8 trillion in 2020 to RMB2.8 trillion in 2024 at a CAGR of 11.6%. See "Industry Overview — Overview of the Global Technology Solution for Financial Institutions Market — Market Size of Global Technology Solution for Financial Institutions Market."

In China, financial security is a key part of national security. Financial institutions face increasing demands for technology that is both self-developed and controllable, driving continuous investment in domestic innovation and modernization. These ongoing efforts by financial institutions to promote self-developed and controllable technology upgrades are expected to generate approximately RMB350.0 billion in market demand, accompanied by sustained, iterative modernization needs across the industry. We have positioned technology solutions featuring self-reliance and controllability as a key strategic pillar, participating in information technology upgrades across the financial industry and achieving broad product compatibility with both proprietary and mainstream infrastructure with more than 400 adaptation certificates in key areas like servers and databases.

Internationally, the demand for advanced fintech solutions is growing rapidly in emerging markets, particularly in countries and regions such as Southeast Asia, the Middle East, and Africa. Many financial institutions in these markets are accelerating their digital transformation to support business growth and improve operational resilience. According to the CIC Report, technology solution for financial institutions in emerging markets (excluding China, the U.S., and Europe) increased from RMB0.6 trillion in 2020 to RMB1.0 trillion in 2024 at a CAGR of approximately 10.9%. This market is expected to reach RMB1.7 trillion at a CAGR of 12.3% by 2029, creating expansive market opportunities for fintech solution providers.

Our experience in high-volume, multi-scenario deployments and our record of successful benchmark project in Southeast Asia have positioned us as a trusted partner for global clients. In May 2024, we entered into a contract to deliver next-generation core banking systems for a leading multinational bank in Hong Kong and its international branches. This marks a significant milestone, representing the largest single software project in our Company's history and establishing a new industry benchmark for overseas expansion. See "Business — Our Group — Customer Engagement." Particularly, as a leading provider of financial technology solutions in China, we possess advanced full-stack technology capabilities and a comprehensive suite of digital financial solutions. We have been deeply involved in the development of the digital renminbi ecosystem. Leveraging our experience accumulated through the promotion of the digital RMB, we are well-positioned to provide overseas financial institutions with digital currency integration, payment solutions, supporting services, and scenario-based applications. In addition, we actively seek opportunities to collaborate with overseas universities and financial institutions to foster complementary advantages and drive joint innovation. Currently, we are conducting research on Web 3-based retail payment systems in the Hong Kong and Macau regions. Building on our existing business and client base, we intend to explore multi-level cooperation with financial institutions across various collaboration models, so as to drive financial innovation and the implementation of financial services rooted in realworld application scenarios.

With our deep industry knowledge, robust technology expertise, comprehensive product portfolio, and proven ability to deliver both localized and international solutions, we believe we are well positioned to capture the significant market growth potential arising from digital transformation trends worldwide. As we continue to expand our presence in new markets and strengthen our foundation in China, we are confident in our ability to create sustainable value for our clients, shareholders, and broader stakeholders.

Veteran Management Team and Technology Professionals with Long-Term Accompaniment of Industry Evolvements

Our sustained success is underpinned by a seasoned management team and a pool of highly skilled industry professionals. Our founders and senior executives possess extensive experience in banking and financial IT, enabling them to make informed strategic decisions and anticipate industry trends. Many members of our core management and technical leadership team have served the company for more than a decade, providing valuable stability and continuity in our business operations. As evidenced by our business development and financial track records, the vision and leadership of our management team have enabled us to navigate changes in the financial technology landscape, drive sustainable business growth, and foster a culture of excellence and innovation throughout the organization.

In addition, we maintain a strong emphasis on technological innovation and professional development. As of December 31, 2024, technical personnel accounted for 95.1% of our total workforce, with 85.88% of employees holding a bachelor's degree or above. We believe that our long-term commitment to talent development will enable us to continue to attract, motivate, and retain top-tier professionals who share our dedication to technology development, client success and industry leadership. This deep bench of talent ensures that we have the necessary expertise to continuously upgrade our product capabilities and stay at the forefront of industry innovation.

OUR BUSINESS STRATEGIES

We plan to implement the following strategies in our future business development:

Deepen Customer-Centric Business Empowerment and Model Innovation

Since our establishment, we have remained focused on delivering comprehensive fintech solutions and services to banks and other financial institutions. Looking ahead, we will continue to deepen our presence in the fintech sector, consolidating our leadership in existing business areas while actively pursuing new sources of growth.

We are committed to a customer-centric philosophy and strive to build long-term, win-win partnerships with our clients. Leveraging our accumulated capabilities, products, and experience, we aim to further strengthen our relationships across a diverse client base, providing a wider variety of solutions and services. We will continue to expand both the depth and breadth of our business, increase our market share among major and strategic clients, and actively capture emerging opportunities in areas such as consumer finance, inclusive finance, and green finance—segments that are expected to become major engines of growth as the financial industry continues to evolve.

We plan to allocate greater resources to the ongoing iteration and upgrading of our product offerings, with a particular focus on the practical application of large language models in business scenarios. By enhancing our core technology and product capabilities, we seek to deliver solutions that lead the market in terms of functionality, performance, and security. For example, we are continuously optimizing our core banking systems to handle growing transaction volumes and increasingly complex business needs. We are also introducing microservices architecture to enable financial institutions to respond rapidly to market changes, and integrating intelligent risk control and marketing functions into our digital finance platforms to help clients improve user experience and operational efficiency.

In addition, we will step up investment in our innovative operation services, providing clients with a broader array of operational platforms and solutions, and increasing the share of revenue from these business lines. We will strengthen our exploration of collaborative operation models built on financial cloud services, drive innovation in retail finance digitalization, and further empower non-bank institutions and smaller banks to improve operational effectiveness and platform economics. By continuously advancing our service models, we are committed to helping clients maximize value creation in a rapidly changing financial ecosystem.

Advance Digital Capabilities and Accelerate International Expansion

We are committed to actively expanding our presence in international markets, particularly in the emerging markets. By focusing on emerging markets such as Southeast Asia, the Middle East, Middle Asia and Africa, we aim to bring our latest solutions and technology capabilities to a wider global client base, supporting the digital transformation of financial institutions worldwide. Leveraging our proven expertise in high-concurrency, large-scale, and multi-scenario deployments in China, we are uniquely positioned to help overseas clients enhance their operational efficiency, security, and innovation capabilities.

In our target international markets, we plan to build localized teams to gain deep insights into regional financial needs and regulatory requirements. By providing customized product-oriented solutions and attentive support, we strive to create tangible value for clients and strengthen our foothold in each market. We will continue to roll out our flagship digital banking products, including next-generation enterprise online banking and super-app platforms, to meet the evolving needs of international financial institutions. Leveraging the development of both domestic and overseas payment and clearing systems, we provide multilateral financial institutions with digital currency integration, payment solutions, supporting services, and scenario-based applications. In addition, we seek to explore multi-level cooperation with financial institutions and existing clients across various business scenarios, aiming to realize financial innovation and the implementation of financial services deeply rooted in practical application scenarios through diverse collaboration models.

To accelerate our international strategy, we will actively seek opportunities to collaborate with leading global fintech companies through technology partnerships, strategic alliances, and targeted investments or acquisitions. For example, by partnering with global cloud service providers, we can offer end-to-end cloud-based financial services to clients around the world. Joint development of cross-border financial products with international banks will also enable us to capture new growth opportunities in the global market.

In addition, we will remain open to pursuing overseas acquisitions of companies with advanced technologies, established market channels, and strong client bases. Through these initiatives, we aim to achieve rapid international expansion and create synergistic value, further strengthening our position as a trusted technology partner for financial institutions globally.

Further R&D Investment and Drive Innovation in Financial Technology Applications

We regard technological innovation as the fundamental driving force for our sustainable growth. Maintaining annual R&D investment of approximately 10% of our revenue, we are firmly committed to advancing research and development in artificial intelligence, big data, cloud computing, and blockchain. By deepening collaboration with ecosystem partners, we are able to accelerate product standardization, improve development efficiency, and reinforce our long-term competitive advantages.

Our focus in artificial intelligence and big data is centered on creating practical, high-value applications for the financial sector. We are developing AI-driven solutions across the entire lending lifecycle — enhancing efficiency and accuracy in pre-loan, in-loan, and post-loan processes. In intelligent marketing, we are leveraging advanced modeling and personalized engagement tools to help clients increase customer acquisition and retention. Our smart data initiatives are designed to unlock new value from financial data through enhanced analytics, while AI-powered regulatory technology helps clients interpret policies, trace anomalies, and streamline reporting. Additional innovations in knowledge management and anti-money laundering further support our clients' compliance and operational needs.

In cloud computing and distributed architecture, we are accelerating the development of cloud-native core systems, utilizing containerization and hybrid cloud deployment to provide clients with flexible, scalable, and cost-efficient solutions. These advancements enable financial institutions to respond swiftly to changing market demands and regulatory requirements.

We also remain at the forefront of promoting blockchain-driven solutions for the financial industry, such as supply chain finance, digital asset management, trusted computation, and digital currency development. By incorporating these frontier technologies into our product portfolio, we are well-positioned to help financial institutions realize secure, transparent, and innovative business models in the digital era.

Furthermore, we have been deeply involved in the development of the digital RMB ecosystem, possessing extensive operational experience and comprehensive full-stack service capabilities from underlying technology integration to scenario-based application deployment. Leveraging our accumulated expertise in digital currency technology solutions, Web3 technologies, and proven caseexperience, we are committed to providing end-to-end solutions that encompass system development, operational support, and ecosystem collaboration. Our offerings include one-stop solutions for digital currency issuance, cross-border payment system construction, and joint ecosystem operations.

Facilitate Self-Reliance and Controllability Strategy and Deepen Fintech Application Innovation

We recognize that accelerating innovation in financial information technology is both an industry imperative and a strategic opportunity. By leveraging our comprehensive industry solutions and extensive channel resources, we are proactively building a robust partner ecosystem to provide clients with more innovative application scenarios and secure, reliable full-stack solutions.

Our strategy emphasizes the core need for autonomous, secure, and efficient fintech solutions among financial institutions. We are committed to continuous self-driven innovation, establishing a service model that combines technology, application scenarios, and ecosystem collaboration. We continue to strengthen the compatibility and optimization of distributed architecture, cloud computing, big data, artificial intelligence, and blockchain, ensuring seamless integration with foundational hardware and software systems. Our end-to-end offering spans IaaS, SaaS, PaaS, and DaaS, giving clients the flexibility and depth needed for comprehensive digital transformation.

To further enhance industry resilience, we collaborate with domestic partners — including chip manufacturers, operating system developers, and middleware providers — to establish joint laboratories and integrated certification systems. This "chip-to-application" compatibility lowers client migration costs and accelerates digital adoption. At the same time, by opening our technology platforms horizontally, we empower small and medium-sized financial institutions with advanced intelligent transformation capabilities, extending the influence and value of our ecosystem.

Through these efforts, we are rapidly evolving our role from a solutions provider to an enabler of financial technology across the entire business lifecycle. By embedding autonomous innovation and scenario-based depth into our core competencies, we aim to solidify our leadership in the trillion-RMB financial technology market and support the continued digital evolution of the financial industry.

Foster Ecosystem Integration and Build a Value-Creating Fintech Network

We are committed to establishing a comprehensive, mutually beneficial ecosystem with clients, suppliers, and partners across the fintech industry value chain. By intensifying our efforts in ecosystem integration, we aim to deliver multidimensional, collaborative operational services and a diversified product portfolio, creating lasting value for our clients and stakeholders.

Our strategy is to strengthen cooperation with upstream and downstream enterprises in the fintech supply chain. On the hardware side, we maintain long-term partnerships with leading chip and server manufacturers to jointly develop customized, high-performance infrastructure that meets the demanding computational needs of financial institutions. On the software side, we collaborate with top application developers to integrate complementary technologies and co-develop user-friendly, feature-rich fintech solutions. Working closely with system integrators, we offer end-to-end project services, from planning and equipment installation to software deployment and fine-tuning, ensuring seamless delivery and operational excellence.

We also prioritize resource sharing and complementary advantages with our ecosystem partners, delivering integrated solutions that span the full technology stack, from underlying hardware to advanced applications. This holistic approach not only enhances our ability to meet the evolving requirements of financial clients, but also elevates the overall standard of service and innovation within the industry.

To promote healthy and sustainable ecosystem development, we actively engage in collaborative research and development with leading universities and research institutions. By establishing joint laboratories and pursuing subjects on cutting-edge technologies such as the application of AI in financial risk management, we accelerate the transfer of advanced technologies from academic research to practical implementation. Furthermore, by participating in the development of industry standards, we contribute our expertise and best practices, helping to shape a more standardized, innovative, and robust fintech sector.

Through these integrated efforts, we are building a vibrant, value-driven ecosystem that supports our long-term growth and reinforces our position as a trusted partner to financial institutions worldwide.

Continuously Commit to Develop High-Performing Talent Team for Sustainable Growth

Talent is our most valuable asset and the foundation of our long-term success. We are committed to attracting, developing, and retaining outstanding professionals to drive continuous innovation and support the company's strategic objectives.

We have adopted a highly competitive talent strategy that actively seeks out top-tier experts and industry leaders from across the global fintech landscape, covering areas such as technology R&D, product design, and market development. By establishing overseas R&D centers, we are also able to recruit exceptional local talent, enabling us to better serve international markets and respond to regional client needs.

At the same time, we place strong emphasis on internal talent cultivation. Through comprehensive training programs and clearly defined career development paths, we provide our employees with broad opportunities for growth and advancement. Our corporate culture encourages innovation and collaboration, fostering an open and positive work environment.

To further strengthen long-term incentives and align the interests of management, key technical staff, and the company as a whole, we have implemented a robust equity incentive scheme. This not only motivates our team but also attracts and retains core contributors, ensuring that all stakeholders are focused on the company's long-term development. By continuing to build a professional and innovative workforce, we are laying a solid foundation for our future growth and sustained industry leadership.

OUR SOLUTIONS

We focus on three key business areas, namely, technology solutions for banks, technology solutions for non-bank institutions, and innovative operation services. Our products-oriented technology solutions encompass a wide range of business, channel, operation, and management. We maintain a leading position in online banking, credit management, business intelligence, risk management, and regulatory reporting. In respect of our technology solutions for bank and non-bank institutions, we provide an array of solutions, including innovation consulting, replacement, adaptation, joint development, to realize our target for application implementation, and synergetic development, and our integration business lays a solid foundation for information technology application innovation used across industries with self-reliable and controllable hardware and software products. Meanwhile, our all-around capabilities in the innovative operation services further strengthen our competitive edge as one of the largest fintech solutions provider in the PRC.

Under our *R&D + Product + Service* model, we integrate financial services expertise with technology to provide software and cloud-based services to financial institutions, covering consultation, solution design, system implementation, and other technical support. We mainly provide software products, software development and services, and business operation services through bidding or contractual sales. Generally, we accommodate customized demands through tailor-made development that built on our self-developed software, and we aid financial institutions in boosting their business scale by leveraging our financial cloud operation and software technology capabilities.

With our integrated products and comprehensive solutions for financial services industries, we facilitate our customers' digital transformations with improved efficiency, enhanced service quality, reduced costs and mitigated risks.

Technology Solutions for Banks and Non-Bank Institutions

During the Track Record Period, we generated revenue of RMB3,754.9 million, RMB4,663.5 million and RMB3,461.3 million in 2022, 2023 and 2024, respectively, from our technology solutions for banks; and RMB361.6 million, RMB378.3 million and RMB370.8 million in the same years, respectively, from our technology solutions for non-bank institutions. Totally, our revenues from technology solutions for banks and non-bank institution represented 96.2%, 97.0% and 96.9% of the total revenues we recorded in the respective years during the Track Record Period.

Our bank and non-bank technology solutions comprehend credit business, digital banking business, financial regulatory business, and data business — all of which remain at the forefront of the industry. Meanwhile, our intelligent finance business advanced steadily during the Track Record.

Credit Business

Our credit products business primarily covers multiple fields such as corporate credit, retail credit, comprehensive credit, investment services, unified credit granting, credit portal, and financing guarantee. According to the CCID Report, we ranked first position in the credit management system solution market in 2023, with a top market share of approximately 14.7%. We continuously upgrade various credit businesses, technical components and tools to further enhance the project implement efficiency. During the Track Record, we outbid several projects worth at ten-million-yuan level, and multiple major projects has been advanced simultaneously with a smooth delivery progression.

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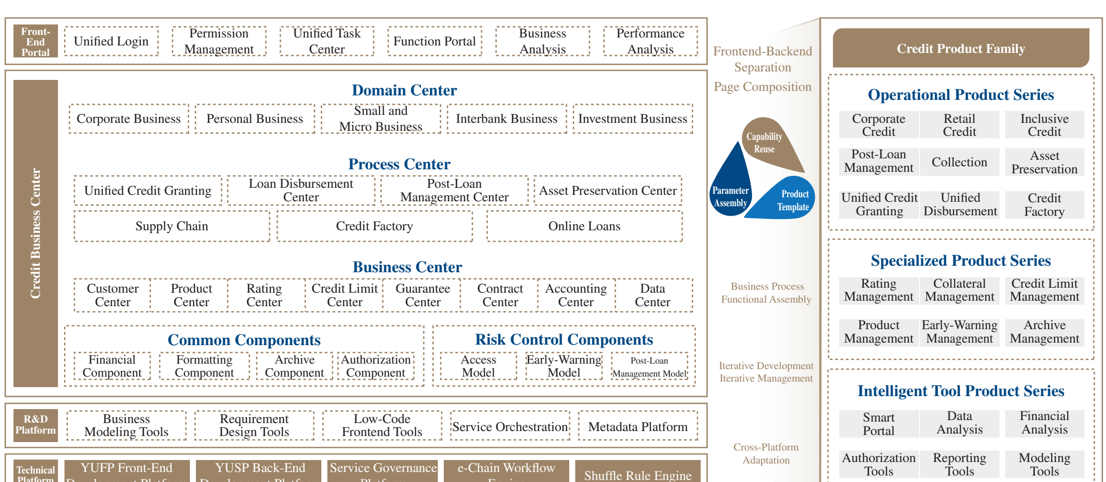
Business Achievement

Intelligent Credit + Scenario Ecosystem: Our Contribution in the Strategic Transformation of Bank's Retail Business

During the process of advancing the strategic transformation of its retail business, a national joint-stock bank encountered challenges in its traditional credit business, such as insufficient development in terms of service-to-online, digitalization, intellectualization and scenario-based application. We assisted our client in establishing a customer-centered business system to address the aforementioned pain points, focusing on enhancing customer service experience and deepening its engagement with individual clients. By establishing an *intelligent credit + scenario ecosystem* technology system, our client achieved the optimization of the comprehensive marketing service system, the improvement of product innovation efficiency, the enhancement of operational efficiency, the upgrade of integrated post-loan operation, and the strengthening of data-driven capabilities. This project adopted an end-to-end process reengineering solution, enabling flexible combination of products and processes to boost market responsiveness. After the system went online, the operational effects continued to manifest: first, ecological empowerment continued to deepen, covering various life scenarios; second, intelligent tools were fully applied throughout the entire process, driving business efficiency improvement; third, through reinforcing the centralized control mechanism, we assisted our client to achieve effective risk management.

The diagram below illustrates a selection of our products under credit product line:



In addition, our credit smart assistant powered by the emerging *large-scale model* technology has shown remarkable performance improvement and achieved significant implementation results, effectively boosting the operational efficiency in credit-related business scenarios. In the field of post-loan management, our three major product lines (i.e., intelligent post-loan management, intelligent integrated collection management, and digital non-performing asset management) have all achieved notable business advancement with new bids secured. In March 2024, we launched a new-generation integrated post-loan management system, which realized the integrated management of "collection, adjustment, and litigation" (催 – 調 – 訴). By innovatively utilizing big data on property clues and artificial intelligence technologies, and integrating internal and external data, we enable financial institutions to enhance their digitalization and intelligent management levels in post-loan management.

宇信科技 Yusys Technologies

Business Achievement

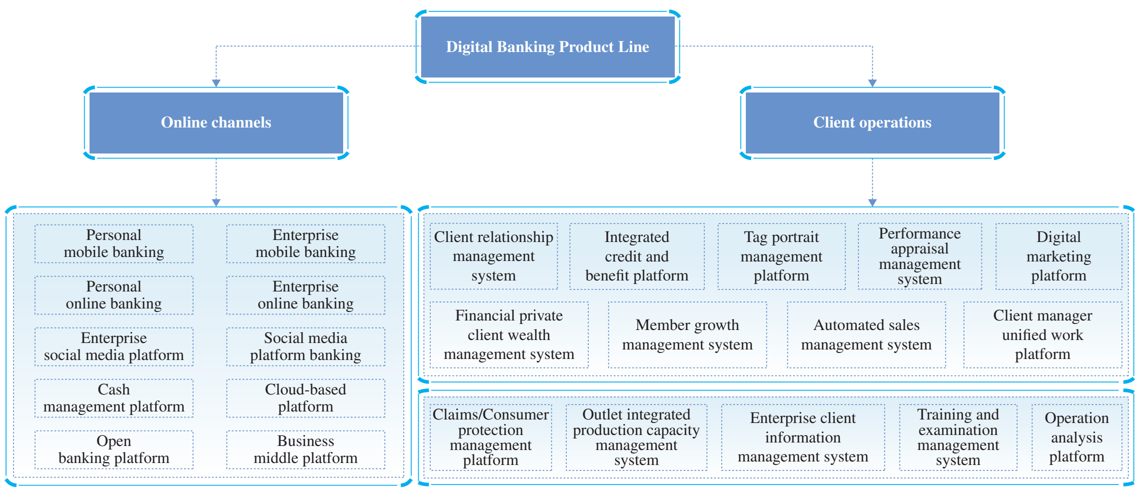
Transforming Post-Loan Management with our Intelligent Account-Management Solution

In recent years, the process of reshaping compliance-first operations for post-loan has become an urgent need in financial industry. At the same time, AI and big-data advances are opening the door to the full-cycle digitalization and intelligent operation. To meet banks' pain points in retail-credit post-loan management, such as large task volumes, fragmented data and low efficiency, we have deeply integrated these technologies into our upgraded *Intelligent Account-Management* solution. The end-to-end, centralized, online platform enables strategic rule-based management, automated task execution and standardized outsourced operations. Key intelligent applications include a voice robot that captures customer intent and designates tasks automatically to accelerate post-loan management efficiency. Our technology solution also supports diversified management methods, including dedicated recovery teams for unreachable accounts, online notice-letter processing with automatic acknowledgements and judicial-process monitoring. Under its advanced architecture, multi-channel data feeds into a decision engine with complex rule setups, centralized outsource-partner supervision and one-click performance reporting. Deployed at state-owned, joint-stock and city commercial banks across credit cards, retail loans, inclusive finance, consumer finance and auto finance, this suite has earned widespread industry praise and is powering the shift toward digital, intelligent post-loan management.

Digital Banking Business

With the concept of *innovative product services, reshaping business processes, creating ecosystem scenarios, and optimizing customer journeys*, we successfully combined our online channels and customer operation products into a new digital banking product line, which integrates online banking, mobile banking, digital marketing, customer tagging and profiling, points and benefits system, and corporate ecosystem scenarios.

The diagram below illustrates a selection of our digital banking products portfolio:



Our digital banking products form a "customer-facing" product family that connects employees, businesses, and customers, which includes enterprise-level business middle-platform, retail customer management system, corporate customer management system, and omni-channel online banking system. These integrated product lines better meet the digital needs of banking operations and management, and are expected to bring greater competitive advantages in market competition.

Leverage the flagship products and operation services capabilities of our new-generation online and mobile banking services, customer-operation platform, and digital intelligent-marketing platform, we are the earliest fintech company with full suite of digital banking products, and maintained the most comprehensive digital banking products portfolio as of the Latest Practicable Date according to the CIC Report. During the Track Record Period, we obtained digital marketing platform projects and marketing operation services with multiple joint-stock banks, city and rural commercial banks. Our digital banking products integrated technology and business, shifting from tech-enabled to business-enabled operations, and has become an industry benchmark.

宇信科技
Yusys Technologies

Business Achievement

Construction of the Digital-Intelligent Operation Platform for A Provincial Joint-Stock Commercial Bank

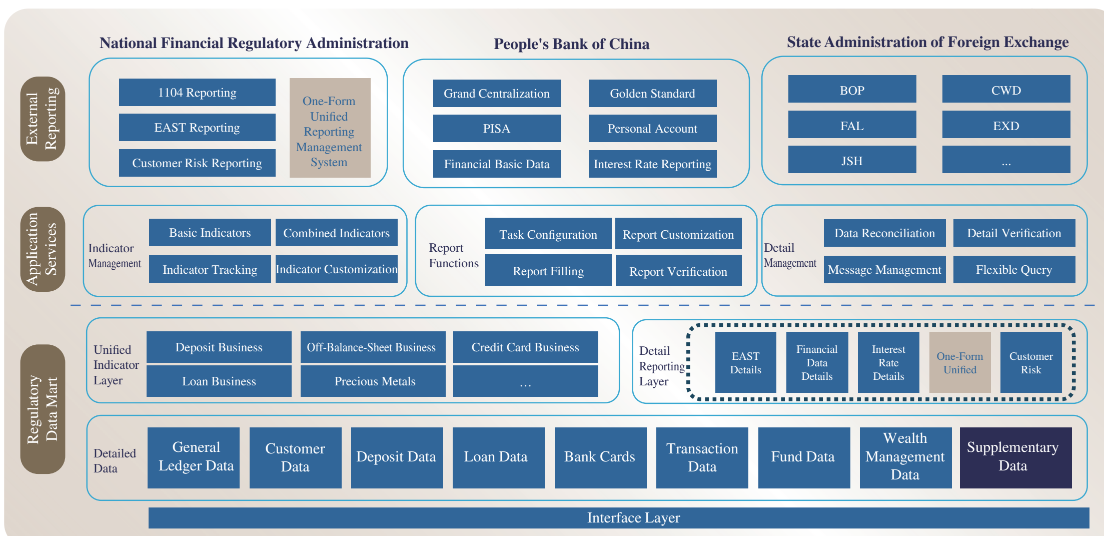
With the background to accelerate the Digital-Intelligent transformation of a provincial joint-stock commercial bank, we addressed the difficulties of traditional operational models to achieve precise customer insights and coordinated marketing. We developed a *Digital-Intelligent dual middle platform* solution for this client, comprising a behavioral analysis platform and a digital marketing platform. The behavioral analysis platform collects customer channel behavior data and builds customer tag profiles, providing a foundation for precise insights, customer group analysis, and targeted marketing. On the other hand, the digital marketing platform manages the entire process of benefits and marketing services through the tag data, covering benefits management, operational strategies, campaign planning, multi-channel coordination and performance analysis, thus forming a closed loop of *data insight–strategy formulation–precise targeting–effect evaluation*. Driven by data and empowered by technology, this platform enables precise customer marketing and experience optimization, thereby driving growth in our client's retail business.

Financial Regulatory Business

Our financial regulatory business generally includes assisting regulatory reporting to the supervising authorities for financial institutions. According to the CCID Report, we ranked first position in the regulatory reporting solutions market in 2023, with a top market share of 13.9%.

We developed a series of regulatory compliance products including EAST 5.0, deposit insurance, and inter-corporate connectivity. Also, in response to the market trend of more detailed reporting requirements, we substantively upgraded the detailed-data verification engine to become more versatile for detailed-data reporting checks, which not only enhanced the consistency of detailed-data verification but also cut down our research and development and promotion costs for regulatory projects. In addition, we developed the next-generation unified regulatory platform, which integrates internal responsibility identification, regulatory reporting, knowledge management, and data sharing, which has been effectively applied in multiple projects.

The diagram below illustrates a selection of products of our financial regulatory business:



Furthermore, we introduce AI into the reporting process, which effectively improves the centralized delivery efficiency, paving the way for remote delivery of regulatory reports from the traditional on-site delivery model.

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Business Achievement

Launching a Unified Regulatory-Reporting Platform for a Leading Regional Commercial Bank

Due to the complication and variety nature of regulatory data and requirements, and the inefficiency and error-prone nature of manual operations, our client, a commercial bank, faced challenges such as poor quality in regulatory reporting and high compliance costs. In response, we built an integrated regulatory reporting platform for the bank that combines data management and reporting functions, enabling centralized management of regulatory data and unified submission across multiple regulatory modules. Through this unified regulatory platform, we helped the client integrate and coordinate the various types of regulatory disclosures required by regulators, achieving the *five unifications* in regulatory reporting: unified data, unified indicators, unified functions, unified management, and unified login. In addition, the platform delivered two key breakthroughs: first, the implementation of more granular accountability for regulatory data at both the indicator and field levels; and second, the standardization of reporting operations with end-to-end process monitoring. The implementation of this project improved our client's data reporting automation rate and enhanced the quality and consistency of reported data. At the same time, it effectively reduced regulatory reporting compliance risks, repetitive development and maintenance costs, as well as subsequent investments in software and hardware.

Data Business

The core business model for our data business centers on "planning + information-created transformation + data governance + data assets + business analysis + data operation" (規劃設計+信創改造+數據治理+數據資產+經營分析+數據運營), which achieved remarkable development among bank and pan-finance clients, especially central enterprises, state-owned enterprises and financial holding groups.

Benefitted from the *per capita* R&D efficiency initiative adopted in 2023, we streamline the product series and offer customers a full-component experience with *StarGaze* (觀星) for digital-intelligent foundations, *Star* (星辰) for digital scenario operation, and *StarLink* (星鏈) for data-element operation services. We introduce a digital-transformation plan for central eEnterprise and state-owned enterprises from a "penetrative management" (穿透式管理) perspective, which was successfully implemented in multiple customers' digital-management workstation platforms, offering "strategic, ecological, and capability penetration" (戰略穿透、生態穿透、能力穿透) services.

In October 2024, we took lead in launching the *Star* series in the data-intelligence market with ChatBI and PilotBI platforms, which provide intelligent user-interaction experience, lead the data-analysis industry.

In February 2025, we launched the self-operated *StarLink* data-element SaaS service platform, which combines high-quality industry data products with our software products to provide professional data-element services. It helps customers promptly innovate in areas such as precise marketing and risk operation with improved efficiency.

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Business Achievement

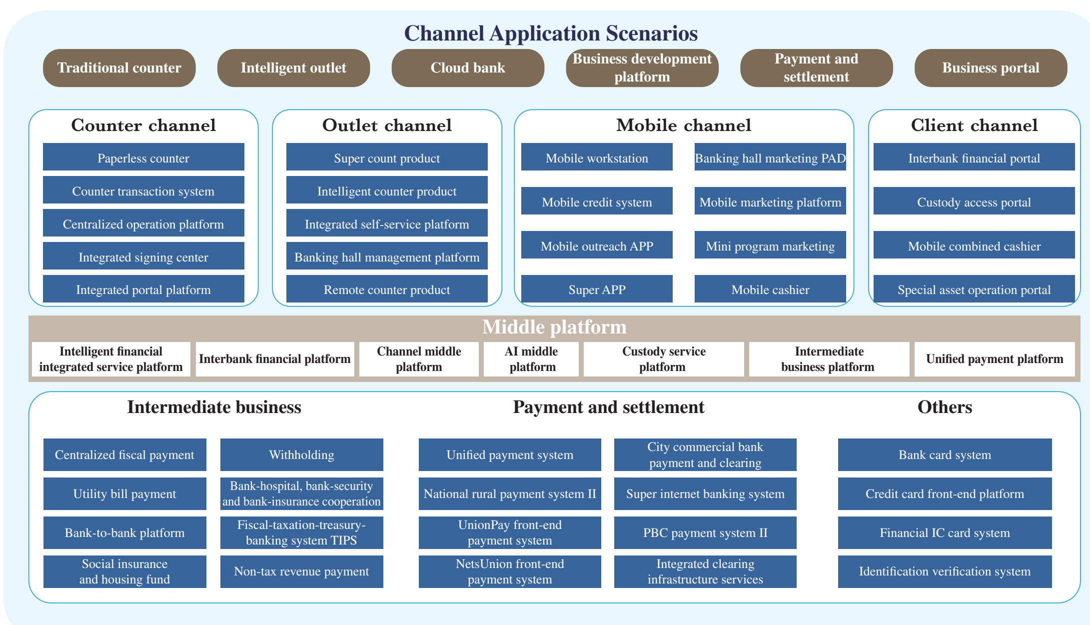
Construction of Next-Generation Data Warehouse for A Joint-Stock Commercial Bank

Amid the accelerated advancement of information technology application innovation in the financial industry, a joint-stock commercial bank faced challenges with its legacy data warehouse, including technological lock-in, high maintenance costs, and limited scalability, which could not meet the increasing requirements for stability, timeliness, and autonomy in bank-wide data applications. To address these issues, we developed a *smooth migration* transformation plan for the client, replacing the original system with an massively parallel processing database to build a high-performance date lakehouse technology platform. At the same time, we also developed supporting tools for job scheduling, data exchange, and data development platforms, enabling standardized management throughout the entire process from data collection and exchange to service delivery. This project not only accomplished the upgrade of the technical architecture to domestic infrastructure, but also provided the bank with a sustainable and optimizable data middle platform through the implementation of standardized processes and migration methodologies. After the project's implementation, the client's data development efficiency and data processing capability were significantly enhanced, providing strong support for multiple data application scenarios.

Intelligent Finance Business

Through the deep integration of AI and financial business scenarios, our intelligent finance products facilitate the comprehensive intelligent transformation of bank channels. On the strength of our business middle-end combined with AI middle-end, and leverage the implementation of information technology application innovation strategy, our intelligent finance products create intelligent branches, intelligent lobbies, intelligent marketing, intelligent management, intelligent operations, and intelligent payments to enhance our customers' capabilities in their customer marketing, customer acquisition, and business expansion. In addition, our intelligent finance products align with the needs of our customers and national financial infrastructure to break through traditional system development constraints, reshape payment channels, and take payment system as the starting point to establish a comprehensive business core platform that connects online and offline payment and settlement scenarios.

The diagram below illustrates a selection of our products under intelligence finance business:



During the Track Record Period, we continuously devoted to advance our intelligent finance business and achieved significant progress. Our integrated service-sales-operations comprehensive service platform project, designed around a next-generation remote banking concept, was successfully launched in 2023 and achieved initial design objectives. This laid a solid foundation for enhancing and promoting subsequent comprehensive service platform product solutions. In addition, we have carried out vertical application innovations combining AI technology in multiple systems such as remote banking, intelligent outbound calling, and mobile workstations. We have identified and strengthened business scenarios that are of practical value to customers, gradually building an overall solution for the new generation of intelligent pipelines for banks with large models as the technological breakthrough. We have also completed the research and development of branch pipeline products for overseas markets and started to promote them together with overseas partners.

We launched the upgrading and reconstruction plan for information technology application innovation, which helps our customers reduce costs and improve efficiency. In mid- and back- end core business sectors, the information technology application innovation of systems like the unified payment platform also advanced steadily continuously enhancing the stable operation capacity and risk resistance of such core business systems.

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Business Achievement

Launch of a Self-Developed Unified Payment System for a National-Level Financial Transaction Settlement Institution

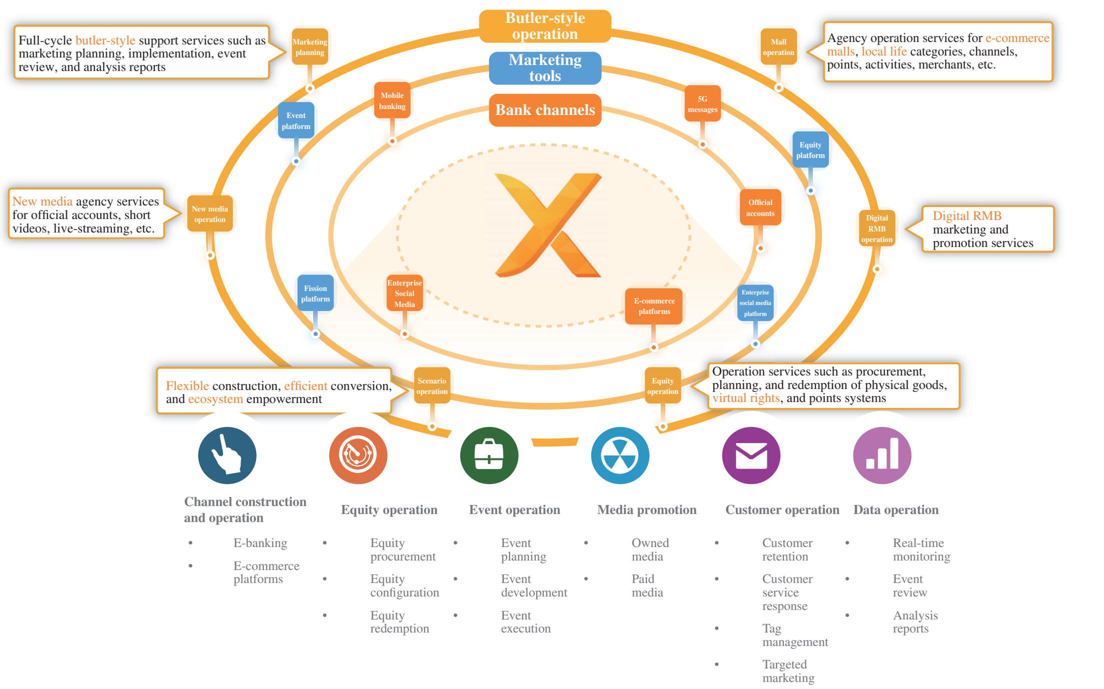
A national-level financial transaction clearing institution, serving as a key financial infrastructure in China, provides registration, custody, clearing, settlement, delivery, and margin management services for both direct and indirect domestic and foreign currency transactions as well as derivative product transactions in the financial markets. We provided this clearing institution with technology development services for its Integrated Business 2.0 System, which serves as the core business system for interbank market bond and derivatives operations, supporting functions such as central counterparty clearing and central securities depository. Based on our independently developed unified payment platform and utilizing a distributed microservices architecture, we built an integrated front-end and back-end platform support system, while also adapting to domestic chip servers, domestic operating systems, and domestic databases. Since its launch, the system has operated stably, handling average daily clearing volumes of nearly RMB5 trillion-level, effectively driving our client's business model transformation from traditional clearing to an intelligent, digital, and ecosystem-oriented one, and further strengthening the financial infrastructure's capability to serve the financial market.

Innovative Operation Services

Our innovative operation services run on a dual-track model of ecosystem platform empowerment and joint operation empowerment, with three capabilities progressing in parallel, namely, digital marketing, digital retail lending, and digital inclusive finance. This model offers a one-stop operational service system for the digital-retail-oriented operation of small- and medium- sized financial institutions.

With the deepening digital transformation of financial business, we have built an innovative operation business matrix covering the entire life-cycle management of retail lending and intelligent disposal of special assets, establishing a dual-engine development mode encompasses technology foundation and operation middle-end.

The diagram below illustrates an example of how our innovative operation services works in the full-process of marketing, planning and support:



Strategic Cooperation with An Asset Management Company

In December 2023, we entered into a strategic cooperation agreement with an asset management company (the "**Company Asset Management**"). The two parties plan to jointly explore the market of personal non-performing loan assets and build a benchmark combination of finance and technology (the "**Asset Management Cooperation**"). Pursuant to this strategic cooperation, Company Asset Management and our Company shall fully cooperate in the business field of personal non-performing loan assets, and shall jointly promote the digital transformation of special-asset disposal and the construction of a technology-innovation platform. The Asset Management Cooperation between the parties shall cover multiple aspects including the digital construction of disposal management business systems, the use of big data technology for personal non-performing loan asset investment, and AI+ big data technology implementation in disposal process. The Asset Management Cooperation aims to achieve the dual-driven goals of scale and efficiency with local financial stabilizers and technological system support. Terms of this strategic asset management agreement is three years. Both parties shall establish a regular consultation mechanism to enhance communication and improve cooperation efficiency. Our Board of Directors considers the Asset Management Cooperation as part of our overall strategic planning and can effectively coordinate with our existing business, and it is expected to have a positive impact on our future business development.

We believe that the Asset Management Cooperation may enable us to leverage our accumulated technology and product advantages in the fintech field. The Company will proactively explore opportunities to achieve synergistic development with our strategic partner and enhance our overall competitiveness.

During the Track Record Period, we generated revenue of RMB164.7 million, RMB157.3 million and RMB122.1 million in 2022, 2023 and 2024, respectively, from our innovative operation services, representing 3.8%, 3.0% and 3.1% of the total revenues we recorded in the respective years with an average gross profit margin of over 75.0%.

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Business Achievement

Development of Full-Cycle Service Loop Under the Cooperation with a City Commercial Bank

Against the backdrop of Internet lending business transformation at a city commercial bank, and in response to the challenge that traditional delivery models could not meet the rapid access and launch requirements of Internet lending, we began providing joint online lending operation services to this bank in 2018. From a business perspective, we designed a progressive product upgrade path for our client, and established a mature operational system featuring "proprietary branded online lending + scenario-based ecosystem." Throughout the service process, in addition to supporting core product design and business model innovation, we also built a full-cycle service loop covering targeted marketing strategies, intelligent risk control systems, system platform development, and efficient post-loan management. During the cooperation period, we successfully helped the bank connect with various high-quality asset partners, achieving cumulative retail asset growth of trillion-RMB level, and continuously creating value for our client.

AI+ Empowerment Strategy

Financial services are entering an era of intelligent transformation, driven by AI technology at the core, with deep integration of big data, cloud computing, and Web 3.0 technologies. This phase accelerates the move towards "ubiquitous and seamless services." Large AI models will be deeply embedded into key scenarios such as credit, risk control, investment advisory, and regulation, evolving into financial AI Agent with understanding, generation, and decision-making capabilities. These systems will enable millisecond-level responses and intelligent handling of complex tasks, fundamentally reshaping the operational logic and decision-making systems of financial institutions. Meanwhile, Open Banking will expose banking capabilities as "plug-and-play" service components through standardized APIs, driving the transformation of services from closed systems to embedded solutions, from channels to ecosystems, and building a composable and scalable financial service system. Fintech solutions will no longer be passive operational tools but will actively drive business

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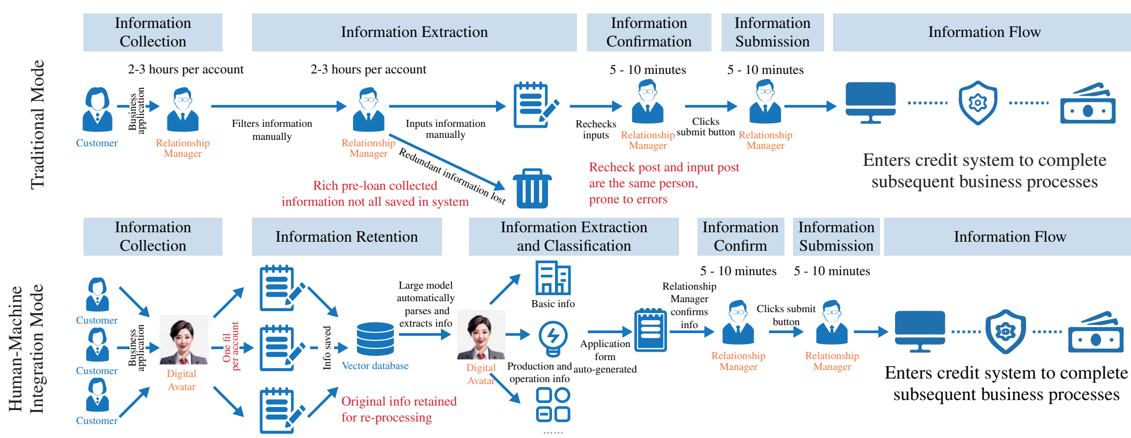
transformation as intelligent engines, reconstructing end-to-end technology applications across front-, middle-, and back-office operations, and building a financial services ecosystem that is an open, modular, and grounded in data-driven, and AI-powered autonomy.

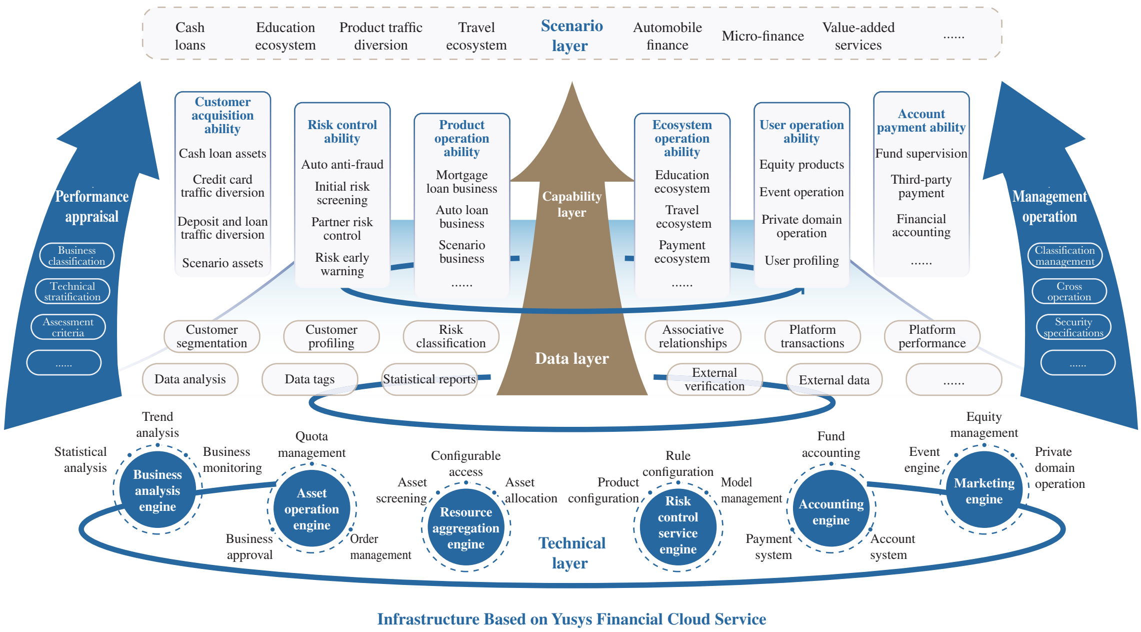
As one of the a few leaders at current AI-driven stage, we have deep technology capabilities and ecosystem-building capabilities, and are driving the ongoing evolution of the industry paradigm through both internal innovation and external collaboration. Our AI+ empowerment strategy manifested in all our products and services portfolios. The diagram below illustrates an example of how our AI+ Credit Agent works in the due diligence of small and micro customers:



Cloud-Based Financial Services

As an early pioneer of industry cloud solutions in China, we have built robust cloud service capabilities through years of steady development. Our offerings comprehensively cover IaaS, PaaS, and SaaS across both information technology application innovation and non-IT application innovation domains. At the IaaS level, we support both traditional CPU and emerging GPU computing power; at the PaaS level, we provide strong support for widely used foundational software; and at the SaaS level, we offer a range of application services including electronic channels, guarantee services, lending facilitation, and scenario-based payment solutions to address our clients' diverse business needs. We have assembled a team of expert consultants proficient not only in cloud migration advisory, but also in the construction and implementation of private clouds and full-stack information technology application innovation clouds. We maintain an operational support system that strictly complies with regulatory requirements, enabling us to deliver 24x7, one-on-one professional support and ensure a consistent client experience. Upholding our core values of professionalism, responsibility, development, and mutual growth with clients, we have earned broad industry recognition and are now among the leading financial cloud service providers in China. Riding the wave of digital finance, we will continue to partner with financial sector clients to jointly promote digital transformation and information technology application innovation, shaping a new future for the industry.

The diagram below illustrates an integrated full-process customer empowerment of planning, ecosystem, business and technology driven by our cloud-based financial services:



ECOSYSTEM

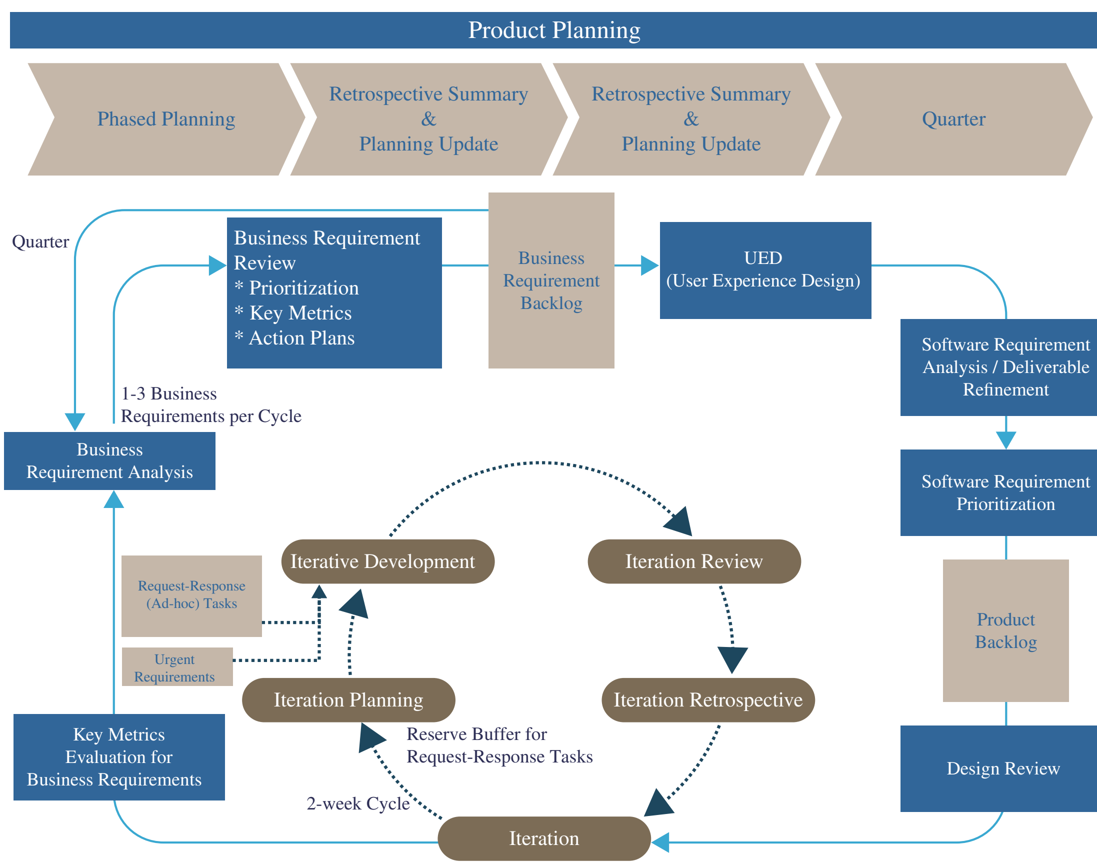
During the Track Record Period, with the innovative operation business maintained steady operation, we stepped up ecological cooperation to forge ecological partnerships with various enterprises in technology, products, and services, gradually establishing a self-motivated and self-adapted commercial synergy network with complementary strengths. We are partnering with government agencies and industry partners in cultivating a digitalized open ecosystem to facilitate the growth and digitalization of China's fintech solution industry. Based on our self-developed intelligent decision-making engine, intelligent risk control engine, customer value stratification model, and data middle-end architecture, we build digital platforms such as intelligent risk control, precise marketing, and data middle-end for our customers.

Our strategy to foster ecosystem integration and build a value-creating fintech network. For example, from our innovative operation services perspective, with a focus on digital lending, marketing operations, and technology operations, we cooperate with financial institutions in joint operation and ecosystem-oriented models to help them achieve business growth and digital transformation. Therefore, we can provide customers with in-depth operational services featuring *multi-dimensionality, multi-directionality, and multi-collaboration*. The profit-making pattern breaks away from the traditional project-based pricing and establishes a diversified revenue structure of *system building + performance-based pricing*, forming a value-sharing cooperation mechanism with financial institutions.

RESEARCH AND DEVELOPMENT

We devote significant resources in research and development, not only for supporting our existing business and enhancing our existing solution offerings, but also for incubating new technological and business initiatives to maintain our competitive edge. We incurred RMB500.1 million, RMB568.3 million and RMB430.0 million of research and development expenses in 2022, 2023 and 2024, respectively, accounting for 11.7%, 10.9% and 10.9% of our total revenues generated in the respective years.

Our experienced software designers and engineers dedicated to research and development are the source of our continued innovation. As of the December 31, 2024, we had 1,357 research and development employees (measured in person-month), representing 11.8% of our total employees. Our research and development team includes software designers and engineers.



INTELLECTUAL PROPERTY

We protect our intellectual property rights through a combination of patent, copyright, trademark, trade secret and other intellectual property laws, alongside confidentiality agreements and clauses for major technology cooperation, business operations. Typically, our employees are required to sign standard employment agreements that include a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them on our behalf are our property, and they assign to us any ownership rights that they may claim in those works.

As of the Latest Practicable Date, we owned approximately 67 invention patents, 77 trademarks, 874 software copyrights, and eight registered domain names, including our official website. We intend to pursue additional patent and other intellectual property protections, both in China and other jurisdictions, to the extent we believe it would be beneficial and cost-effective.

Our intellectual property is subject to risks of infringement and other unauthorized use, and our ability to protect our intellectual property from unauthorized use is limited. In addition, we may be subject to claims that we have infringed the intellectual property rights of others. See "Risk Factors — Risks Related to Our Business — Any failure to protect our intellectual property rights may adversely affect our business and reputation." and "— Third parties may claim that we infringe their intellectual property rights, which could cause us to incur significant legal expenses and prevent us from promoting our solutions." During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or any other pending legal proceedings regarding intellectual property rights with third parties.

SALES AND MARKETING

Our customer acquisition strategy centers around differentiated pricing model, professional sales team, and precise industry penetration. We have established a professional and efficient sales system, with an experienced sales and business development team responsible for market promotion. The core members of our sales and business development team have deep industry background and resource accumulation in the financial services and technology industries. Our sales directors, leveraging their past industry experience, can usually directly connect with the decision-making levels of existing and target customers. As of December 31, 2024, our sales team included 101 sales professionals, divided into the following main business units: three major regions that cover the majority of core market regions in China, three business units that focus on the operations of our three large financial institution customers, an overseas business unit that is responsible for exploring international market opportunities. While consolidating our traditional advantages in the banking industry, we have also established dedicated sales teams for central and state-owned enterprises and national ministries to expand our business presence. Meanwhile, we are also actively expanding our business to non-banking financial institutions such as trust companies, finance companies, and guarantee companies.

We employ diverse marketing methods to promote our brand recognition as a reliable and innovative financial technology solution provider with a proven track record. Our sales strategy primarily consists of (i) targeted customer development, which is precise marketing aimed at specific target customers; (ii) industry summit and event marketing, which is concentrated promotion through participation in or holding industry conferences; and (iii) deep penetration of key customers: which involves carrying out internal channel promotion activities targeting core strategic customers.

In overseas markets, we adopt a dual-track strategy that combines brand-driven customer acquisition with proactive business expansion, in line with the top international standards. In respect of the brand-driven customer acquisition, leverage the technology advantages and good reputation established in the domestic market, we continuously attract international financial institutions with branches in China and use this opportunity to expand our business to their parent banks abroad. In respect of proactive business expansion, led by our professional overseas business unit, we actively explore target markets. We have successfully implemented several benchmark projects in Southeast Asia (including Singapore, Indonesia, and Cambodia), and recently won a key project for the London branch of a well-known PRC bank. The implementation of this project not only has significant demonstration effects but is also expected to lay a solid foundation for deepening cooperation with other overseas branches of the bank within its global network. In addition, based on the successful experience of benchmark projects, we plan to optimize the systematic empowerment of customers and strategic partners in accordance with top international standards, and to deepen our cooperation with top international research institutions and strategic partners. With the goal of effectively addressing the existing and medium-to-long-term business development pain points in the financial industry, we will implement a three-step strategy of business innovation in collaboration with strategic partners and customers, systematic empowerment, and breakthrough growth in overall business development, jointly leading the healthy and sustainable development of international fintech industry standards.

Tendering Process

We mainly obtain business opportunities through direct sales channels and standardized bidding processes. Business opportunities usually come from tender invitations actively sent by potential customers, or are identified by our sales and marketing teams through monitoring public information channels such as the customer's official website. In the early stage of a project, our sales and marketing personnel will have in-depth business negotiations and solution demonstrations, including on-site promotions, with potential customers, and set up professional consultation channels to respond to customer needs. After internal assessment and decision to participate in the bidding for a project, our professional team will strictly prepare comprehensive and compliant bidding documents in accordance with the bidding requirements. The bidding documents must be prudently reviewed and approved by our management team before being officially submitted to ensure the quality of the plan and the controllability of risks. If the bid is successfully awarded, the client generally will issue a formal notice of award. Subsequently, both parties will sign a legally binding cooperation agreement based on the bid commitment and commercial terms.

CUSTOMERS

We have established significant coverage across a wide range of customers, with a penetration rate of 100% among China's central bank, policy banks, state-owned banks and joint-stock commercial banks.

To the best knowledge of our Directors, 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) had any interest in our five largest customers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

The following tables set forth a summary of our five largest customers for the years indicated:

Five Largest Customers for the Year Ended December 31, 2022

Name	Background	Objects of Transaction	Length of Relationship	Transaction Amount	Revenue Percentage
				(RMB'000)	
Customer A	a PRC joint-stock commercial bank	technology solutions	19 years	808,922	18.9%
Customer B	a PRC state-owned commercial bank	technology solutions	25 years	685,109	16.0%
Customer C	a PRC joint-stock commercial bank	technology solutions	16 years	158,770	3.7%
Customer D	a PRC state-owned commercial bank	technology solutions	19 years	144,397	3.4%
Customer E	a PRC joint-stock commercial bank	technology solutions	17 years	141,454	3.3%
Total				**1,938,652**	**45.3%**

Five Largest Customers for the Year Ended December 31, 2023

Name	Background	Objects of Transaction	Length of Relationship	Transaction Amount	Revenue Percentage
				(RMB'000)	
Customer A	a PRC joint-stock commercial bank	technology solutions; innovative operation services	19 years	1,317,774	25.4%
Customer C	a PRC joint-stock commercial bank	technology solutions	16 years	343,673	6.6%
Customer B	a PRC state-owned commercial bank	technology solutions	25 years	267,444	5.1%
Customer F	a company engaging in information system integration listed on the National Equities Exchange and Quotations	sale of hardware for technology solutions	9 years	204,033	3.9%
Customer D	a PRC state-owned commercial bank	technology solutions; innovative operation services	19 years	178,622	3.4%
Total				**2,311,546**	**44.5%**

Five Largest Customers for the Year Ended December 31, 2024

Name	Background	Objects of Transaction	Length of Relationship	Transaction Amount	Revenue Percentage
				(RMB'000)	
Customer A	a PRC joint-stock commercial bank	technology solutions; innovative operation services	19 years	805,750	20.4%
Customer B	a PRC state-owned commercial bank	technology solutions	25 years	311,612	7.9%
Customer C	a PRC joint-stock commercial bank	technology solutions	16 years	291,344	7.4%
Customer D	a PRC state-owned commercial bank	technology solutions; innovative operation services	19 years	132,341	3.4%
Customer G	a company engaging in information system integration listed on the Shenzhen Stock Exchange	sale of hardware for technology solutions	6 years	132,097	3.3%
Total				**1,673,144**	**42.3%**

Our customers are primarily located in China. We maintain a long-term and strong relationships with our major customers. The terms of our standard services agreement that we enter into with our customers are summarized below.

Term:	Typically from one year to three years.
Pricing:	We primarily charge transaction-based fees based on the customer's usage of services, such as software development services, innovative operation services, and integration business. We also charge milestone-based fees for implementation services mainly based on technical personnel required. Generally, price was determined through bidding or negotiation.
Payment:	Our customers generally make payments to us via bank transfers pursuant to the payment schedule as provided in the contracts, the schedule of which are specified by terms of sales agreements. Such payments for the sales of our products and services may be scheduled to: (i) payment after contract signing and our commencing the provision of services; (ii) payment after inspection and final testing; and (iii) payment upon the lapse of the warranty period specified, which generally ranges from one year to three years. Generally, a substantial portion was paid upon settlement of workload.
Ownership:	For products that we customize for a particular customer, all intellectual property rights relating to the solutions that we deliver under the agreement, including but not limited to copyrights, patents, and patent application rights, shall belong to the other party. Unless otherwise agreed in writing by the other party, we shall not use the project results in any form or disclose the results to any third party.
Confidentiality:	We shall not disclose or reveal confidential information to employees or third parties who are not related to the project. This includes, but is not limited to, the results of our software development, customers' business data, trade secrets, management secrets, technical secrets, and the status of information technology operations.
Termination:	Either party shall terminate the agreement prior to the term ending upon mutual consent.

SUPPLIERS

Our top suppliers include, among others, (i) hardware providers, which provide hardware mainly for our integration business that provided to our clients for the information technology application innovation; and (ii) technology service providers, which provide us technology services and host our cloud-based infrastructure.

To the best knowledge of our Directors, 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) had any interest in our five largest suppliers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

The following tables set forth a summary of our five largest suppliers for the years indicated.

Five Largest Suppliers for the Year Ended December 31, 2022

Name	Background	Objects of Transaction	Length of Relationship	Transaction Amount	Total Purchase Percentage
				(RMB'000)	
Supplier A	PRC-based company mainly engaged in technology promotion and application service industry	integration business	12 years	204,243	21.9%
Supplier B	PRC-based wholesale company	integration business; and external procurement fees	7 years	151,611	16.2%
Supplier C	PRC-based software and IT service company	integration business	13 years	110,605	11.8%
Supplier D	PRC-based software and IT service company	integration business	7 years	103,202	11.0%
Supplier E	PRC-based software and IT service company	integration business	15 years	25,773	2.8%
Total				**595,434**	**63.7%**

Five Largest Suppliers for the Year Ended December 31, 2023

Name	Background	Objects of Transaction	Length of Relationship	Transaction Amount	Total Purchase Percentage
				(RMB'000)	
Supplier A	PRC-based company mainly engaged in technology promotion and application service industry	integration business	12 years	806,924	52.2%
Supplier B	PRC-based wholesale company	integration business; and external procurement fees	7 years	291,472	18.9%
Supplier F	PRC-based software and IT service company	integration business; and external procurement fees	13 years	59,996	3.9%
Supplier G	PRC-based company mainly engaged in internet and related services industry	integration business; and external procurement fees	21 years	29,541	1.9%
Supplier H	PRC-based company mainly engaged in computer, communication and other electronic equipment manufacturing industry	integration business	6 years	27,432	1.8%
Total				**1,215,365**	**78.7%**

Five Largest Suppliers for the Year Ended December 31, 2024

Name	Background	Objects of Transaction	Length of Relationship	Transaction Amount	Total Purchase Percentage
				(RMB'000)	
Supplier A	PRC-based company mainly engaged in technology promotion and application service industry	integration business	12 years	109,111	14.4%
Supplier I	PRC-based retail company	integration business	19 years	69,556	9.2%
Supplier J	PRC-based software and IT service company	integration business	12 years	62,591	8.3%
Supplier K	PRC-based software and IT service company	integration business	1 year	61,841	8.2%
Supplier L	PRC-based business service company	integration business; and external procurement fees	7 years	48,608	6.4%
Total				**351,707**	**46.4%**

The terms of our standard supply agreement that we enter into with our suppliers are summarized below.

Term:	As most of our suppliers provide services on a project-by-project basis, our procurement agreements with suppliers generally do not have a specific duration. We maintain long-term relationships with our major suppliers.
Subject:	A detailed list of the hardware, software, or services that we procure.
Pricing:	The procurement agreements generally stipulate a fixed price covering all expenses incurred, which was determined through arm's length negotiation with our suppliers.
Payment:	We generally make one-time payment to our suppliers, the schedule of which are specified by terms of agreements.
Delivery and inspection:	The deliverables from suppliers are subject to our inspection, and we have the right to reject the delivery if the products delivered do not conform to the agreement.
Termination:	Either party shall terminate the agreement prior to the term ending upon mutual consent.

Our Directors are of the view that our Group is not subject to significant concentration risk of suppliers, on the basis that (i) the amount of our purchases from five largest suppliers is insignificant as compared to our total revenue. We did not incur significant purchase costs as the major costs incurred for the provision of our technology solutions are staff costs and we do not rely on the supply of products and services to provide our technology solutions; and (ii) our purchases from five largest suppliers mainly involve off-the-shelf products and services and we are able to find alternative suppliers at similar prices readily available in the market without incurring significant costs. During the Track Record Period, we did not experience any disruption to our business as a result of any significant shortage or delay in supply.

OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

In 2023, (i) one of our five largest customers, Customer F, was also our suppliers during the Track Record Period. Customer F mainly provided hardware and software products for integration business to us during the Track Record Period, and the purchase amount from Customer F was RMB14.0 million, RMB16.5 million and RMB7.4 million in 2022, 2023 and 2024, respectively, representing 1.5%, 1.1% and 1.0% of our total purchase amount from suppliers in the respective years; (ii) one of our five largest suppliers, Supplier F, was also our customers during the Track Record Period. Supplier F mainly purchased hardware and software products for integration business from us during the Track Record Period, and the sales amount to Supplier F was RMB0.4 million, RMB14.9 million and RMB1.7 million in 2022, 2023 and 2024, respectively, representing a minimal percentage below 0.3% of our total sales amount to customers in each of the respective years, with gross profit margin of 7.1%, 1.0% and 5.0%, respectively. In 2024, (iii) one of our five largest customers, Customer G, was also our suppliers during the Track Record Period. Customer G mainly provided hardware and software products for integration business to us during the Track Record Period, and the purchase amount from Customer G was RMB10.9 million, RMB23.0 million and RMB33.9 million in 2022, 2023 and 2024, respectively, representing 1.2%, 1.5% and 4.4% of our total purchase amount from suppliers in the respective years.

The abovementioned major customers/suppliers are our overlapping major customers/suppliers during the Track Record Period ("**Overlapping Major Customer/Supplier**"). To the best knowledge of our Directors, during the Track Record Period, there were no other overlaps between our top five suppliers and customers or between our top five customers and suppliers. Negotiations of the terms of our sales to and purchases from Overlapping Major Customer/Supplier were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. All of our sales to and purchases from Overlapping Major Customer/Supplier were conducted in the ordinary course of business under normal commercial terms and in arm's length transactions.

EMPLOYEES

We believe that our employees are key to our growth. As of December 31, 2024, we had a total of 10,811 employees. Substantially all of our employees are based in China. The following table sets forth the number of our employees by function as of December 31, 2024.

Function	
Technical Personnel	10,281
General Administration	387
Sales	101
Finance	42
Total	**10,811**

As of December 31, 2022, 2023 and 2024, we had 13,148, 12,547 and 10,811 employees, respectively. Among these employees, as of December 31, 2024, technical personnel account for 95.10% of the total workforce, reflecting our emphasis on technical expertise and innovation-driven growth. In the future, we will also continue to recruit specialized top-end personnel and promote the professionalization and rejuvenation of our team.

We enter into standard labor contracts and confidentiality agreements with our full-time employees, which includes intellectual property ownership and competing businesses. We also enter into non-compete with certain employees.

Our success depends on our ability to attract, retain and motivate qualified personnel. We primarily recruit our employees through referrals from our own staff, recruitment agencies, on-campus job fairs and online channels including our corporate website and social media platforms. We place great emphasis on the cultivation of junior talents, and a large proportion of our employees are recruited from campus. We implement a training policy, pursuant to which management, technology and other training is regularly provided to our employees by internal speakers and external consultants. We emphasize the training of our employees in order to enhance their technical knowledge and their personal development, job satisfaction, recognition, work environment and career advancement. We believe our training culture has contributed to our ability to recruit and retain qualified employees. In addition, and online recruitment. We attract and retain key employees with competitive pay and incentives, including performance bonuses, equity incentives, and support from local policies like talent subsidies and tax rebates. During the Track Record Period and up to the Latest Practicable Date, we maintained a relatively level for our attrition rate of our core talents. Overall, the company maintains a strong level of talent retention.

As required under Chinese law and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury and unemployment benefit plans.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any strikes or major disputes with our employees. We believe that we have maintained a good working relationships with our employees.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business to safeguard against risks and unexpected events. We maintain social insurance for our employees in accordance with relevant PRC laws and regulations. We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. During the Track Record Period and up to the Latest Practicable Date, we had not been imposed any material administrative penalties by the competent authorities in respect of violations of laws and regulations relating to social insurance and housing fund.

PROPERTIES

We own and lease certain properties in the PRC, which are used primarily as R&D and software-design centres, and office premises. As of December 31, 2024, none of our owned or leased property interests had a carrying amount equal to or exceeding 15% of our consolidated total assets. Accordingly, we are exempt from the valuation-report and disclosure requirements under Chapter 5 of the Listing Rules and section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance by virtue of section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap 32L).

Owned Properties

As of the Latest Practicable Date, we owned 26 real-estate properties in the PRC, with an aggregate gross floor area of approximately 19,622 sq.m. All such properties have valid and complete land-use rights certificates and property-ownership certificates issued by the relevant authorities. None is subject to any mortgage, attachment or freezing order, and there are no outstanding disputes or potential title-related claims. These properties are primarily used for office and research and development purposes. In June 2022, we bought several properties from an independent third party, and as of the Latest Practicable Date, we were in the process to obtain the property-ownership certificates.

Properties Under Construction

As of the Latest Practicable Date, we had no real-estate projects under construction.

Leased Properties

As of the Latest Practicable Date, the Company and its PRC subsidiaries leased 17 properties from third-party landlords for office use, with an aggregate gross floor area of approximately 7,321 sq.m. Our lease agreements in respect of the 17 leased properties in China are mostly signed in 2025, with lease terms ranging from one to five years. We plan to renew our leases or negotiate new terms when the existing leases expire. We did not experience material difficulties in negotiating renewal of our leases with our lessors during the Track Record Period and up to the Latest Practicable Date. We believe that there is sufficient supply of comparable office premises in these areas. Among these leased properties:

Four landlords have not provided valid land-use or property-ownership certificates or proper sublease authorizations, so that we are unable to verify their title. As a result, we may be subject to third-party claims or challenges regarding our leasehold rights to these properties. If the landlords do not possess the necessary rights to lease the properties, we may be required to vacate the premises. Nevertheless, even if we are asked to vacate, we would be able to relocate in a timely manner and without incurring significant costs. This assessment is based on the availability of alternative properties at comparable rental rates in the market and the fact that we primarily use these leased properties for office purposes, with most equipment being easy to relocate and the moving process unlikely to have any material adverse impact on our business or operations.

None of the 17 lease agreements has been registered with the local housing-authority registry as required by PRC law. This is mainly due to the lack of cooperation from the owners in registering relevant lease agreements, which is out of our control. According to our PRC Legal Advisors, if we and the landlords fail to register such lease agreements as required by the relevant competent authorities within a prescribed period, we and the landlords may be subject to a penalty of RMB1,000 to RMB10,000 per agreement due to the failure to register. The estimated total penalty for our failure to register the 17 lease agreements is approximately RMB17,000 to RMB170,000, with RMB170,000 being the estimated total maximum penalty. However, our PRC Legal Advisors have also advised us that the failure to register the lease agreement does not affect the validity of the relevant lease agreement. During the Track Record Period and up to the Latest Practicable Date, we have not received any notice from any regulatory authority regarding potential administrative penalties resulting from our failure to register the aforementioned lease agreements. Our Directors are of the view that such non-registration would not have a material adverse effect on our business operations. For further discussion of property-related risks, see "Risk Factors — Our leasehold interests in leased properties have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines." in this document.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

We may from time to time be involved in contractual disputes or legal proceedings arising out of the ordinary course of business or pursuant to governmental or regulatory enforcement actions. During the Track Record Period and up to the Latest Practicable Date, neither we nor any of our Directors were involved in or subject to any material litigation, arbitration, administrative proceedings, claims, damages or losses which would have a material adverse effect on our business, financial position or results of operations as a whole. As of the Latest Practicable Date, we were not aware of any pending or threatened material litigation, arbitration or administrative proceedings against us or any of our Directors, which individually or as a whole would have a material adverse effect on our business, financial position or results of operations. During the Track Record Period and up to the Latest Practicable Date, we had complied, in all material respects, with relevant PRC laws and regulations in the jurisdictions we operate in, and no material administrative penalties were imposed on us that would have a material adverse effect on our business, financial position or results of operations.

COMPLIANCE WITH LAWS AND REGULATIONS

We require our employees to follow our internal requirements regarding business conduct and ethics. We also carry out regular on-the-job compliance training to our management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. Our PRC Legal Advisors are not aware of any non-compliance incidents of us during the Track Record Period and up to the Latest Practicable Date that would, individually or as a whole, have a material adverse effect on our business, financial condition or results of operations.

Licences and Permits

Our PRC Legal Advisors are of the view that, as of the Latest Practicable Date, we had obtained all requisite licences, permits, approvals and certificates from the relevant government authorities that are material for our business operations. Also, our PRC Legal Advisors are of the view that we had complied with all relevant applicable PRC Laws relating to the required permits and licences to our online business in all material respects during the Track Record Period. The following table sets forth details of our material licences and permits.

Licence/Permit	Holder	Issuing Authority	Grant Date	Expiration Date	Descriptions
Information Security Service Qualification Certification (信息安全服務資質認證)	The Company	China Cybersecurity Review and Certification & Market Supervision Big Data Center	2024-10-29	2027-10-28	Software security development services (Level 2)
Information Security Service Qualification Certification (信息安全服務資質認證)	The Company	China Cybersecurity Review and Certification & Market Supervision Big Data Center	2024-10-29	2027-10-28	Information systems security integration services (Level 3)
Value-added Telecommunications Business Operating License (增值電信業務經營許可證).	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	Ministry of Industry and Information Technology of the People's Republic of China	2024-01-16	2028-06-19	Category II value-added telecom services: online data processing & transaction processing (e-commerce only); information services (Internet information services only)

We renew all such permits and licenses from time to time to comply with the relevant laws and regulations. As of the Latest Practicable Date, we were not aware of any facts that will prevent us from renewing permits or licenses material to our Group. Our PRC Legal Advisors are of the view that there is no legal impediment to renew such licences and permits, as long as we comply with the relevant legal requirements and provided that we take all necessary steps and submit the relevant applications in accordance with the requirements and schedule prescribed by the applicable laws and regulations of the PRC. For details about the laws and regulations to which we are subject, see "Regulations".

User Privacy and Data Protection

In the ordinary course of our business, we may from time to time collect, store and use certain personal information of our employees, our suppliers and their personnel, as well as other individuals. All data collected in the course of our operations is stored in Mainland China. We are committed to protecting data privacy through comprehensive policies that govern data usage, classification, approval processes, and access to confidential information. We employ encryption, firewalls, and internal policies to secure data storage and transmission, preventing unauthorized access or misuse. Our personal information management policy outlines prudent guidelines for collecting, protecting, and storing data, including (i) limiting data use to its intended purpose, (ii) enforcing strict access controls, (iii) encrypting and anonymizing data as needed, and (iv) requiring internal reviews for significant data handling actions such as any material revision, copying or downloading of personal information. Additionally, we adopt enhanced security measures, a data classification system, and a "need-to-know" access approach based on the importance and sensitivity of data to minimize human intervention, reducing risks of data leaks and privacy breaches.

Employee awareness of, and compliance with, data protection principles are of paramount importance. We conduct regular training sessions and awareness campaigns to ensure that employees understand the significance of data privacy, their obligations when handling personal information, and the procedures to follow in the event of a data protection incident. Moreover, we require our third-party partners to adhere to our rigorous data protection standards by entering into strict data processing and confidentiality agreements.

In the event of an information security incident, we have established clear incident-response procedures to promptly address and mitigate any potential impact. Our commitment to data protection is unwavering, and we continuously monitor and review our practices to adapt to evolving legal requirements and emerging security challenges.

Our PRC legal counsel for data compliance is of the view that the foregoing data-processing activities fall within the regulatory scope of the relevant PRC laws and regulations governing cybersecurity, data privacy and personal data protection. As the regulatory regime for data security and privacy is constantly evolving, we are closely watching legislative developments affecting data security practices. We closely monitor and assess the fast and ever evolving legislative and regulatory environment, and we may consult with relevant government authorities from time to time to seek guidance on the applicability and interpretation of relevant laws and regulations. We also maintain frequent communications with our legal advisors, including PRC data law specialists, to keep abreast of the latest regulatory developments and receive prompt advice on fulfilling any applicable requirements in relation to our data security and personal information protection practices. We believe that with the measures we have in place, we can continually adjust our internal policies in response to new regulatory developments, update our practices for network security, data compliance and personal information protection as appropriate, and timely take any necessary rectification measures, to ensure compliance with the cybersecurity and data-related laws and regulations and any other relevant measures or regulations if and when they come into effect.

Data access requests we receive from third parties are subject to our formal evaluation and approval procedure based on the necessity and scope of the access requests and the legal basis for processing. According to our personal information management policy, we typically enter into confidentiality agreements with third-party suppliers that require them to undertake data protection measures, limit the use of personal information to what is necessary and assess their capabilities for personal information protection. We also review the qualifications of third-party suppliers and the category of information to be processed by them to ensure that data access is limited to the authorized scope. In addition, we will continue to update our policies involving third parties on a regular basis in order to reflect any new data protection rules and policies.

As of the Latest Practicable Date, we had not received any notification from any authority indicating that the data we process has been classified as "important data" or "core data." As of the Latest Practicable Date, we had not been subject to any investigation concerning data-processing activities that affect, or may affect, national security. In light of the fact that PRC legislation and enforcement relating to user privacy and data security remain under development, we will continue to closely monitor further regulatory developments and promptly implement any appropriate measures.

On December 28, 2021, the CAC and other competent regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which took effect on February 15, 2022. Pursuant to the Measures: (i) CIIO that procure network products or services, and network platform operators that carry out data processing activities, which affect or may affect national security, must submit to a cybersecurity review; (ii) Network platform operators that possess personal information of more than one million users and intend to list overseas must report for cybersecurity review; and (iii) where members of the cybersecurity review working mechanism believe that network products and services and data processing activities affect or are likely to affect national security, the Cybersecurity

Review Office shall report to the Central Cyberspace Affairs Commission for approval as per procedure, and then conduct a review in accordance with the Measures. As of the Latest Practicable Date, (a) we had not been notified by any authorities of being classified as a CIIO, (b) the volume of personal information we process did not exceed one million users, and (c) we had received no notice from any authority requiring us to undergo a cybersecurity review.

Furthermore, as of the Latest Practicable Date, neither we nor any of our subsidiaries had been subject to any material administrative penalties or other sanctions by any regulatory authority in respect of cybersecurity or data protection, nor had we experienced any material cybersecurity or data-protection incidents or alleged data infringements by third parties, nor were we aware of any pending or threatened legal, administrative or governmental proceedings in these areas.

Our PRC legal counsel for data compliance made a telephone consultation on a named basis with the CCRC, which is the competent authority entrusted by the CAC to set up cybersecurity review consultation hotlines. The CCRC confirmed that the term "listing in a foreign country," as defined in the amended Cybersecurity Review Measures, does not apply to a listing in Hong Kong. Accordingly, the obligation to proactively apply for cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to the proposed [**REDACTED**].

Based on the foregoing, our PRC legal counsel for data compliance is of the view that: (i) during the Track Record Period and as of the Latest Practicable Date, we had complied in all material respects with the then-applicable PRC laws and regulations relating to data security, data privacy and personal information protection; and (ii) the PRC cybersecurity regulatory regime will not have any material adverse effect on our business operations or on this offering. For additional information, see "Risk Factors — Risk Relating to Our Business and Industry — We are exposed to the risk of information and data leakage of customers and their clients."

AWARDS AND ACHIEVEMENTS

The following table sets forth some awards we received and certain achievements we made:

Year	Award/Certification	Awarding Organization
2022.	China Financial Digital-Transformation Pioneer Enterprise TOP50	CCID Consulting Co., Ltd.
2022.	Top 30 Banking Technology Service Providers	Zero One Think Tank

Year	Award/Certification	Awarding Organization
2022......	Pioneer Banking Intelligent Post-Loan System Service Provider	Zero One Think Tank
2022......	Top 10 Online Influence: Excellent Solution	Fintech Innovation in China
2022......	Excellent Solution for Data Governance & Data-Platform Innovation	Fintech Innovation in China
2022......	Expert-Recommended Top 10 Excellent Solutions	Fintech Innovation in China
2023......	Financial-Technology Leading Enterprise of 2022-2023	CCID Consulting Co., Ltd.
2023......	Beijing Private-Sector Enterprise Top 100 in Tech Innovation	Beijing Federation of Industry and Commerce
2023......	Beijing "Hidden Champion" Enterprise	Beijing Municipal Bureau of Economy and Information Technology and Beijing Federation of Industry and Commerce
2023......	High-Growth Enterprise Award & Economic Contribution Award & Unity Award	Beijing Daxing Economic Development Zone Management Committee
2023......	3rd "Jinxintong" FinTech Innovation & Application Excellence Award	China Academy of Information and Communications Technology (CAICT)
2024......	Digital-Economy Listed Unicorn of 2023	Digital Economy Unicorn Evaluation Committee
2024......	Financial-Innovation Outstanding Solution of 2023	Financial Information-Technology Innovation Ecosystem Laboratory

Year	Award/Certification	Awarding Organization
2024.	Best Innovative Application Project in China's Financial-Industry Digital-Transformation (2023–2024)	CCID Consulting Co., Ltd.
2024.	Beijing Private-Sector Top 100	Beijing Federation of Industry and Commerce
2024.	Beijing Private-Sector Top 100 in Tech Innovation	Beijing Federation of Industry and Commerce

SEASONALITY

Our revenue recognition has a seasonal pattern, mainly due to our customers' IT procurement processes. Most of our customers are banks and other financial institutions. Their IT system procurement must comply with strict budgetary regulations. They usually set annual investment plans and go through budgeting, approval, bidding, and contract signing. At year-end, they concentrate on testing and accepting technology solutions from vendors like us. After we receive the acceptance and payment documents, we recognize the revenue. Therefore, our fourth-quarter revenue tends to be relatively higher. Seasonal fluctuations have not thus far posed material operational and financial challenges to us, as such periods tend to be brief and predictable.

COMPETITION

The market for fintech solutions is highly competitive and evolving rapidly as financial institutions globally accelerate their digital and intelligent transformation. Providers in this sector deliver a broad spectrum of software, hardware, and services powered by technologies such as artificial intelligence, big data analytics, blockchain, and cloud computing. These technologies empower financial institutions to enhance operational efficiency, optimize cost structures, and strengthen risk management, while regulatory requirements and customer demands for integrated, secure solutions continue to intensify competition.

Financial institutions in China and internationally increasingly expect end-to-end solutions that address the entire value chain, including core banking, credit management, channels and payment process, and regulatory reporting. As a result, fintech solution providers must demonstrate the ability to serve diverse and complex client needs, with proven experience in large-scale, high-concurrency environments and the flexibility to adapt offerings to local market and regulatory conditions. The sector's competitive drivers include ongoing technological innovation, expertise in secure and compliant implementation, and a track record of delivering results for a broad client base.

According to CIC, global technology spending by financial institutions reached RMB4.2 trillion in 2024 and is projected to rise to RMB7.1 trillion by 2029, representing a CAGR of 10.9% from 2024 to 2029, with fintech solutions comprising an increasing share of this expenditure. In China, technology spending by financial institutions grew from RMB277.2 billion in 2020 to RMB415.9 billion in 2024, reflecting a CAGR of 10.7% over this period, and is expected to reach RMB726.2 billion by 2029, with a projected CAGR of 11.8% from 2024 to 2029. The market for fintech solutions in China expanded from RMB152.0 billion in 2020 to RMB235.5 billion in 2024, representing a CAGR of 11.6%, and is projected to reach RMB431.3 billion by 2029, at a CAGR of 12.9% from 2024 to 2029, supported by rising demand for digital banking, AI-driven risk control, and regulatory technology.

The most significant competitive factors in our industry include:

- ability to deliver end-to-end, integrated solutions across the financial services value chain;
- technological innovation, particularly in areas such as artificial intelligence, big data, blockchain, and cloud computing;
- depth of industry expertise and a proven record of large-scale implementations for diverse financial institutions;
- flexibility in providing localized, tailored solutions for clients across different markets and regulatory environments;
- security, reliability, and compliance with increasingly stringent regulatory requirements;
- the quality and responsiveness of ongoing customer support and service delivery;
- competitive pricing and overall value proposition;
- strong and long-standing client relationships; and
- brand recognition and reputation for excellence within the financial technology industry.

We have established ourselves as the largest listed company in China's banking fintech solutions sector by revenue in 2024, maintaining our position as industry leader for three consecutive years. From 2022 to 2024, we cumulatively served over 1,000 banking clients — more than any other industry player, while leading the market in the client coverages of digital banking and credit management systems. In addition to domestic growth, China's fintech solution providers are increasingly expanding internationally, particularly in emerging markets such as Southeast Asia and the Middle East, where demand for end-to-end digital and intelligent solutions and localized expertise is accelerating.

The industry remains dynamic, shaped by advances in generative AI, distributed architectures, and evolving regulatory standards. Providers that can continuously innovate, adapt to complex compliance requirements, and deliver secure, comprehensive solutions are best placed to sustain their competitive advantage in this rapidly changing environment. We believe that our differentiation from competitors is largely attributable to our end-to-end integration capabilities, our ability to rapidly deploy tailored solutions in response to evolving market demands, and our proven experience in serving a diverse client base. By maintaining a robust technology infrastructure, fostering talent in R&D and solution delivery, and continuously collaborating with partners in the financial ecosystem, we aim to extend our market reach and reinforce our brand reputation as a trusted provider of fintech solutions. As the industry continues to evolve, we intend to leverage our strengths to capture emerging opportunities and compete effectively against both established and new entrants in the fintech solutions market.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE

We prioritize environmental, social, and governance (ESG) risk management and continuously enhance our ESG governance structure and management mechanisms. We have established a two-tier ESG governance structure comprising the Board and the Group's senior management. As the highest governance body, the Board is responsible for evaluating the effectiveness of the existing governance structure and processes in addressing ESG-related issues, ensuring appropriate oversight of material ESG and climate-related matters. Additionally, the Board holds meetings at least annually to discuss ESG-related issues, oversee progress, and conduct an annual review of ESG performance and the advancement of ESG targets.

The primary responsibilities of the Board include: (i) setting the ESG vision, targets, strategies, and management approach; (ii) guiding the Company in improving its ESG governance structure; (iii) reviewing and overseeing the ESG governance structure, policies, and operational management, including assessing, prioritizing, and managing material ESG and climate-related issues, risks, and opportunities. The Group's senior management is responsible for: (i) the day-to-day management of specific ESG initiatives; (ii) coordinating relevant departments to collect and report ESG and climate-related information, implementing specific ESG work, and facilitating cross-departmental execution of ESG and climate-related policies; (iii) conducting regular reviews of the Company's key ESG data; (iv) leading the annual consolidation of ESG information and the preparation of ESG reports; (v) providing ESG-related recommendations to the Board and reporting on ESG and climate-related matters at least annually to ensure the Board remains fully informed; (vi) organizing ad hoc ESG and climate-related training sessions.

Materiality Assessment

A materiality assessment has been conducted to better understand the needs and expectations of our stakeholders. We have engaged an independent ESG consultant to assist in conducting a materiality assessment in accordance with Appendix C2 of the Main Board Listing Rules of the Stock Exchange. This involves distributing a materiality assessment questionnaire to collect stakeholders' concerns and expectations, for the subsequent determination of material issues by the Group. The materiality assessment process is outlined as follows:

- Identify potential material ESG issues that may have an impact on the Group's business or related parties based on the Group's development;
- Invite stakeholders (directors, senior management, employees, suppliers, business partners and the media) to participate in the questionnaire to express their concerns on each potential material issue;
- Analyze the results from the questionnaire and prioritize potential material issues; and
- Review and confirm the material issues by the company for further actions and disclosures.

Based on the materiality assessment results, 5 ESG issues have been identified as highly material: Data Security & Customer Privacy Protection, Anti-commercial Bribery and Anti-corruption, Employees, Product and Service Safety and Quality, and Innovation-driven Development.

- Data Security & Customer Privacy Protection: We uphold stringent information security and privacy protection standards and have formulated management policies, such as the Data Governance Policy (《數據管理規範》), which defines risk assessment methodologies. We actively conduct information security training for employees to standardize their daily operations and foster a culture of safety by employing multi-layered safeguards to protect both corporate and customer data assets.
- Anti-commercial Bribery and Anti-corruption: We place great emphasis on maintaining the integrity and fairness of commercial activities. We actively implement anti-bribery and anti-corruption policies to ensure transparent and compliant business operations, thereby fostering a healthy business environment.

- Employees: We recognize the importance of employees to our operation and development, and place high emphasis on talent management, professional development, benefits, democratic governance, and health and safety. We are committed to promoting diversity and equal opportunity and providing tailored training programs for employees.

- Product and Service Safety and Quality: We attach great importance to the safety and quality of our products and services. We follow stringent standards to provide customers with a wide range of solutions, ensuring our product portfolio can address diverse business scenarios.

- Innovation-driven development: We prioritize R&D innovation and continuously introduce innovative products through collaborations with universities and enterprises. By joining industry associations, we expand our information channels while implementing systems like the Patent Management System (《專利管理制度》) to safeguard our IP rights. These measures aim to ensure the consistency and stability of our R&D innovation.

Environmental Protection

We strictly adhere to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and other relevant laws and regulations concerning environmental protection. Based on our emission profile, we have developed and implemented internal policies, including the Environmental Policy (《環境政策》), to ensure compliance with relevant laws and regulations.

During the Track Record Period, we did not (i) violate any laws or regulations related to air and greenhouse gas (GHG) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste; (ii) experience any significant events that adversely impacted the environment or natural resources; or (iii) receive any notices regarding environmental fines or litigation.

GHG and Energy Management

In accordance with the Company's internal Environmental Policy (《環境政策》), we have established the Energy Conservation and Consumption Reduction Control Procedure (《節能降耗控制程序》). By implementing resource efficiency measures outlined in the Enterprise ESG Management Manual (《企業環境、社會及管治管理手冊》), we encourage employees to conserve energy and minimize resource waste. Our management practices include:

- Controlling the total amount and intensity of carbon emissions while categorizing and managing GHG emission sources;

- Regularly inspecting and maintaining air conditioning units, refrigerators, and other electrical appliances to prevent Freon leakage caused by prolonged disrepair, which could damage the ozone layer;

- Selecting energy-efficient lighting and appliances in office areas and prioritizing products with recognized energy efficiency labels;

- Optimizing lighting circuits by adding area-specific controls, enhancing inspections of unoccupied office spaces after work hours, and promptly turning off lights;

- Strengthening air conditioning usage management. In summer, when the maximum temperature exceeds 26°C, air conditioning is activated and centrally controlled at 26°C-30°C. In winter, when the minimum temperature drops below 18°C, air conditioning is activated and centrally controlled at 18°C-20°C;

- Turning off non-essential electrical appliances during holidays to reduce equipment energy consumption;

- Posting reminders such as "Reduce Lighting", "Turn Off Air Conditioning", and "Save Electricity" in office areas.

Waste and Wastewater Management

We have obtained ISO14001:2015 Environmental Management System certification and control waste and wastewater generated during operations through the following measures:

- Domestic waste is stored at designated locations and subsequently handed over to the property management company for disposal;

- Domestic wastewater generated during operations are treated and diverted prior to being discharged into the municipal sewage network.

Water and Natural Resource Management

In our daily operations, we promote water conservation among employees and encourage the recycling and reuse of paper. We have initiated the following low-carbon, environmentally friendly, and green actions:

- Prioritizing water-saving appliances in office areas and posting reminders such as "Save Water" in conspicuous locations;

- Promoting electronic communication, document storage, and archiving to minimize the use of written documents and prioritize online communication;

- Prioritizing double-sided and black-and-white printing, paying attention to formatting to minimize paper usage;

- Advocating the reuse of waste paper for non-essential documents printing and the secondary use of waste paper.

Metrics and Targets

We collect environmental data to calculate GHG emissions.

We categorize our primary GHG as scope 1, scope 2 and scope 3 emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards. Scope 1 emissions refer to direct GHG emissions, primarily from direct energy consumption during our operations (including GHG from the combustion of stationary and mobile fossil fuels, and fugitive gas from refrigerants). Scope 2 emissions refer to indirect GHG emissions primarily from purchased electricity and heat supply. Scope 3 emissions refer to GHG emissions primarily from business travel.

The following table sets out the Group's GHG emissions and resources consumption during the Track Record Period:

	For the year ended December 31,		
	2022	2023	2024
GHG Emissions			
Scope 1 (Direct Emissions) (tCO_2e)	19.77	31.31	24.82
Scope 2 (Indirect Emissions) (tCO_2e)	768.18	845.97	905.63
Scope 3 (Indirect Emissions) (tCO_2e)	1,489.57	2,127.81	1,567.44
Total GHG Emissions (Scope 1 and 2) (tCO_2e)	787.95	877.28	930.45
Total GHG Emissions Intensity (Scope 1 and 2) (tCO_2e/million revenue)	0.18	0.17	0.24
Total GHG Emissions (Scope 1, 2 and 3) (tCO_2e)	2,277.52	3,005.09	2,497.89
Total GHG Emissions Intensity (Scope 1, 2 and 3) (tCO_2e/million revenue)	0.53	0.58	0.63
Resources Consumption			
Electricity Consumption (kWh)	1,023,243	1,099,181	1,321,527
Electricity Consumption Intensity (kWh/million revenue)	239.00	211.42	334.21
Water Consumption (m^3)	5,614.10	5,589.40	5,384.00
Water Consumption Intensity (m^3/million revenue)	1.31	1.08	1.36

In comparison with industry peers on 2024 ESG metrics, our GHG emissions intensity (scope 1 and 2) was 0.24 tCO_2e/million revenue, lower than the industry peers average of 0.90 tCO_2e/million revenue. Meanwhile, our electricity and water consumption intensity was 334.21 kWh/million revenue and 1.36 m^3/million revenue, both lower than the industry peers average of 1,625.24 kWh/million and 11.04 m^3/million revenue, respectively.

Environmental Targets

We have established environmental targets aimed at maintaining or reducing GHG emissions, electricity consumption, and water consumption. While maintaining comparable operation level:

- Energy Use Target: Reduce electricity consumption intensity by 3% by 2030 compared to the baseline year of 2024.

- Water Use Target: Reduce water consumption intensity by 3% by 2030 compared to the baseline year of 2024.

- Waste Target: Ensure 100% compliant disposal of hazardous waste.

Climate Change

We place high importance on climate change-related management, fully recognizing that physical risks (e.g., extreme weather events) and transition risks (e.g., policy transition) may impact our future operations. Therefore, we have conducted climate risks across three timeframes — short-term (within 5 years), medium-term (5-15 years), and long-term (over 15 years) — and developed corresponding response measures.

Physical Risks (Short-term and Long-term) and Response Measures

Our office locations potentially face exposure to short-term extreme weather events such as floods and cyclones, which may cause physical damage to infrastructure and operational disruptions. Concurrently, chronic extreme heat accelerates equipment degradation, increases cooling energy consumption, and escalates operational costs. These physical risks directly threaten employee safety and business continuity, potentially raising operating costs. To address these challenges, we have implemented systematic countermeasures: Enforcing the Environmental Factor Identification and Evaluation Control Procedure (《環境因素識別和評價控制程序》) and Emergency Preparedness and Response Control Procedure (《應急準備與響應控制程序》) to strengthen prevention, early warning, emergency response, incident management, and reporting protocols, alongside conducting regular drills and contingency plan updates.

Transition Risks (Medium- to Long-term) and Response Measures

Amid tightening global climate regulations, we confront dual challenges of rising compliance costs and reputational pressures. Increased regulatory requirements demand stricter adherence to climate-related regulations, particularly for energy-intensive facilities like data centres facing enhanced carbon emission oversight. Simultaneously, investors and stakeholders expect transparent, comprehensive climate disclosures. Our proactive strategies include: Dynamically monitoring the latest policy requirements on climate change, complying with the latest recommendations on information disclosure from external regulators; and enhancing the transparency of information disclosure; and comprehensively communicating the company's responsibilities and achievements in environmental protection, as well as promoting low-carbon actions initiatives (e.g., eco-commuting options and environmental volunteering) by employees.

Supply Chain Management

We have developed the Supply Chain Management Operation Instruction Guide and Supply Chain Security Management Regulations to standardize the procurement operation steps and methods to ensure that the procurement quality meets the daily management requirements. We have established a supply chain security management system in accordance with the ISO 28000:2007 Supply Chain Security Management System Specification to improve stability and reduce supply interruption and quality risks.

Employment Compliance

We strictly comply with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), and other laws and regulations. We have formulated and implemented the Recruitment Management System (《招聘管理制度》) and the Equal Opportunity Policy (《平等機會政策》), and have obtained the Social Responsibility Management System certification (GB/T39604-2020). Upholding the principles of open recruitment and fair competition, we employ and manage our staff, and enter into labour contracts with all employees through equal consultation. We are committed to promoting diversity and equal employment opportunities and prohibit discrimination based on race, gender, nationality, religion, age, or other factors. We strictly forbid child labour. Our *Anti-discrimination and Anti-harassment Policy* (《反歧視反騷擾政策》) sets out clear definitions and boundaries for various types of discriminatory and harassing behaviour, and any violations are handled in accordance with internal regulations, thereby fostering an equal and harmonious working environment for all employees.

As of December 31, 2024, we had a total of 10,811 employees, including 608 ethnic minority employees and 94 disabled employees. As of December 31, 2024, we had 7,785 male employees and 3,026 female employees.

Development and Training

We have implemented the Employee Training Management Measures (《員工培訓管理辦法》), under which training is categorised into general training, induction training, professional training, IT application innovation training, project manager-specific training, and management skills enhancement training. We have developed a team of in-house trainers to share internal experience. Employees are also encouraged to obtain external professional certifications to strengthen their professional abilities.

We offer three career development tracks for employees — technical, business, and functional — and conduct promotion assessments at least once a year. Outstanding performers may be considered for promotion every six months and are supported in pursuing cross-track and multi-path career development.

Remuneration and Benefits

We have formulated the Remuneration Management System (《薪酬管理制度》) to ensure reasonable and fair salary arrangements. Our incentive mechanisms combine long-term incentives and bonus incentives, and grant options and salary incentives to management and ordinary employees respectively to attract and retain outstanding talents. We actively organise a variety of employee engagement activities, such as outdoor team-building exercises, themed events, and celebrations during holidays and festivals, to enhance employees' sense of happiness and belonging. To improve employee communication, we have established a staff congress system and set up suggestion and whistle-blowing boxes within the Company, thereby broadening communication channels and increasing employee satisfaction.

Occupational Health and Safety

We strictly comply with laws and regulations on occupational health and safety in all operating locations, and have obtained the ISO45001:2018 Occupational Health and Safety Management System certification, establishing a sound occupational health and safety management system. We have formulated and implemented the Occupational Health and Safety Policy (《職業健康及安全政策》) to improve our safeguards for employees' health and safety. In addition, we place first-aid kits in the Company's office areas for the convenience of sick employees to obtain necessary medications in a timely manner. We also conduct regular safety drills.

During the Track Record Period, we did not encounter any major health and safety incidents. We are committed to maintaining our health and safety track record. During the Track Record Period and up to the Latest Practicable Date, we have not suffered any major fines or other major penalties for non-compliance with health and safety laws or regulations.

Business Ethics

We have established the Anti-Bribery Management Manual (《反賄賂管理手冊》) and obtained the ISO37001:2016 Anti-Bribery Management System certification. We have formed an effective management approach for the organizational prevention, detection, and handling of corruption and bribery, so as to ensure the compliance of all business activities. We strive to effectively prevent improper practices such as fraud, money laundering, and bribery in daily operations to protect our interests and reputation.

We have established an anti-bribery organizational framework and formulated corresponding management measures and implementation procedures. In particular, the general manager oversees anti-bribery management matters, with the anti-bribery management representative assisting in the work. The Company has established an Anti-Bribery Supervision Committee responsible for allocating and supervising anti-bribery management functions. The committee consists of six departments, namely HR Shared Services, Marketing Management, Public Affairs, Application Development, Intelligent Operations and Maintenance Delivery Department, and Finance. These departments collaborate with each other to carry out specific anti-bribery management tasks.

When investigating corruption and bribery, we identify management loopholes, correct violations, and educate employees. We propose management improvement suggestions based on issues to refine anti-fraud systems. A commitment system for preventing commercial bribery is implemented in key processes and departments, requiring personnel in critical positions and partners to sign the Anti-Bribery/Anti-Corruption Commitment (《反賄賂/反腐敗承諾書》). We strictly monitor and resist bribery and accepting bribes from customers and suppliers, protect whistleblowers, standardize reporting procedures, strictly prevent and control illegal and disciplinary acts, reward verified reports, and encourage employee participation in anti-corruption efforts.

Public Welfare and Charity

Our public welfare and charity efforts cover a range of initiatives from donations to daily support. During the Track Record Period, our public welfare activities spanned various areas such as social contributions and rural revitalization. For example:

- In terms of social contributions, we established "Yusys Public Welfare" (宇信公益) in 2016, focusing on the fields of educational poverty alleviation and community development; and established the "Yusys Class" (宇信班) in 2019, allowing employees to voluntarily pledge donations through the Yusys Public Welfare platform to support poor students in the "Yusys Class". We have made donations to 6 primary schools and 5 high schools in regions such as Hunan, Gansu, Guizhou and Hebei Provinces, benefiting nearly 1,000 poor students.

- In terms of rural revitalization, we have effectively addressed local transportation inconveniences and educational environment issues through road repairs, supporting school campus infrastructure upgrading and maintenance and other means. Such efforts have helped to improve rural infrastructure and educational conditions, making positive contributions to achieving the national rural revitalization strategic goals. We invested in building village roads for Group 8 of Lijiazui Village in Ankang City, Shaanxi Province, and we provided a financial donation to Huangshi Primary School in Luojiang Town, Miluo City, Hunan Province.

RISK MANAGEMENT AND INTERNAL CONTROLS

Our Group has established a multi-tiered and systematic framework for risk management and internal control to ensure compliance and strengthen risk resilience.

Our Board is in charge of oversighting our Group's risk management and internal control, including approving risk management policies and overseeing their implementation. Our Group has formulated comprehensive risk management policies covering core areas including market risk, credit risk, and liquidity risk. See "Financial Information — Financial Risk management". These policies are dynamically reviewed to align with evolving market conditions and operational changes, ensuring timely updates to systems and guidelines. Our risk management and internal control at group level are led by the Audit and Risk Control Committee of the Board which consist of three members including two independent non-executive directors and one non-executive director. Its main responsibilities includes overseeing internal and external audits, coordinating cross-departmental collaboration to identify, assess, and mitigate risks, and driving continuous optimization of the internal control framework. The internal audit department within our Group operates independently to conduct regular audits of risk management practices, reporting findings to the Audit and Risk Control Committee for closed-loop supervision.

The internal audit department, which reports to the Audit and Risk Control Committee, has enhanced its governance through:

- Policy and process governance: Strengthening end-to-end monitoring of internal control compliance, with heightened scrutiny over critical areas such as large-scale fund flows and related-party transactions to ensure timely reporting and adherence to regulatory protocols;

- Business management systems: Implementing a full lifecycle management system for projects, spanning budgeting, execution, and performance evaluation, supported by standardized operational guidelines and centralized review mechanisms to mitigate operational risks;

- Compliance culture building: Conducting regular compliance training for Directors, senior management, and employees to reinforce risk awareness, clarify accountability for key roles, and promote leadership-driven adherence to controls.

To ensure the achievement of internal control objectives, our Group has established comprehensive control mechanisms, including:

- Transaction authorization control: our Group set out protocols that clearly define the scope, authority, procedures, and accountability for approvals. All management levels and operational personnel are required to exercise their duties strictly within delegated authority limits;

- Segregation of responsibilities: our Group insist the principle of responsibilities segregation, incompatible functions are systematically segregated to prevent conflicts of interest. This includes separating roles such as approval authority from business execution, business execution from accounting record-keeping, accounting record-keeping from asset custody, and authorization from oversight, establishing a checks-and-balances framework ensures accountability and alignment of responsibilities with authority;

- Documentation and record control: we have set out different criteria for the scrutiny of external documents and internal documents. For external documents, a multi-tiered verification process is enforced to screen each documents, preventing invalid or non-compliant materials from entering internal workflows. All internally generated documents require signatures or official stamps. We also adopts pre-numbering mechanisms (manual or system-generated) to ensure completeness and prevent duplication. In general, all transactions undergo review, approval, accounting entry, and settlement by designated personnel. Records are promptly archived in sequential order post-transaction.

- Asset access and safeguarding: Unauthorized physical or system access to our Group's assets is strictly prohibited. Asset safety is ensured through: (i) periodic inventories and unannounced spot checks, (ii) reconciliation of physical assets with accounting records, (iii) insurance coverage for key assets, and (iv) dedicated asset custodianship policies and archival systems, supported by specialized personnel and infrastructure.

- Independent audit control: our internal audit department is responsible for (i) reviewing financial statements and disclosures, (ii) evaluating internal control effectiveness, (iii) auditing significant related-party transactions and (iv) executing additional Board-mandated tasks.

- IT System Governance: Our Group has initiated the implementation of an IT system control framework, focusing on (i) system development and maintenance protocols, (ii) data input/output validation and (iii) secure electronic document storage and retention practices.

Upon [**REDACTED**], certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which will constitute partially-exempt continuing connected transactions upon the [**REDACTED**]:

Name of our connected persons	**Connected relationship**
Beijing Yuxin Zhiyun Data Technology Co., Ltd. (北京宇信智雲數據科技有限公司) ("**Yuxin Zhiyun**")	As of the Latest Practicable Date, Yuxin Zhiyun was owned as to 90% and 10% by Yuqin Hongtai and Mr. Hong, respectively. Yuqin Hongtai is a company owned as to 99.99% by Mr. Hong, an executive Director and a substantial shareholder of our Company. Accordingly, Yuxin Zhiyun is an associate of Mr. Hong and therefore constitutes a connected person of our Company under the Listing Rules.
Zhuhai Yuchengxin Property Management Co., Ltd. (珠海宇誠信物業管理有限公司) ("**Yuchengxin Property**")	As of the Latest Practicable Date, Yuchengxin Property was a wholly-owned subsidiary of Zhuhai Yuchengxin Technology Co., Ltd. (珠海宇誠信科技有限公司), which was owned as to approximately 84.59% by Yuqin Hongtai, a company owned as to 99.99% by Mr. Hong, an executive Director and a substantial shareholder of our Company. Accordingly, Yuchengxin Property is an associate of Mr. Hong and therefore constitutes a connected person of our Company under the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

No.	Nature of Transactions	Connected Party	Relevant Listing Rules	Waiver sought
Partially-Exempt Continuing Connected Transactions				
1 . . .	Procurement of financial cloud operating services and technology services	Yuxin Zhiyun	14A.76(2) 14A.105	Announcement
2 . . .	Provision of technical services and operation supporting services	Yuxin Zhiyun	14A.76(2) 14A.105	Announcement
3 . . .	Procurement of property management services	Yuchengxin Property	14A.76(2) 14A.105	Announcement

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Financial Cloud Operating Services and Technology Services Procurement Framework Agreement

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement with Yuxin Zhiyun (the "**Financial Cloud Operating Services and Technology Services Procurement Framework Agreement**"), pursuant to which our Group agreed to procure financial cloud operating services and technology services from Yuxin Zhiyun, including SaaS services, IaaS services, PaaS services, operation and maintenance database services, development and testing cloud services, and other operating and technology services.

The initial term of the Financial Cloud Operating Services and Technology Services Procurement Framework Agreement will commence on the [**REDACTED**] and will end on December 31, 2026 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations. The parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Financial Cloud Operating Services and Technology Services Procurement Framework Agreement.

Reasons for the transaction

Yuxin Zhiyun is familiar with our Group's business needs, quality standards and operational requirements in respect of the financial cloud operating services and technology services. Considering Yuxin Zhiyun's qualifications, experience, advantages in technology and our good coordination with Yuxin Zhiyun, our Directors believe that it will facilitate our Group's business operations to procure the financial cloud operating services and technology services from Yuxin Zhiyun.

Consideration and pricing policies

The fees relating to our procurement of the financial cloud operating services and technology services from Yuxin Zhiyun pursuant to the Financial Cloud Operating Services and Technology Services Procurement Framework Agreement shall be determined based on arm's length negotiation between our Group and Yuxin Zhiyun with reference to the historical transaction price, taking into account various factors including but not limited to the type and unit prices of operating services and technology services provided by Yuxin Zhiyun, and the unit prices for the sale of operating services and technology services of similar nature, type and quantity from Yuxin Zhiyun to other Independent Third Parties in the market.

Historical amounts

For the years ended December 31, 2022, 2023 and 2024, the historical transaction amounts with respect to the procurement of the financial cloud operating services and technology services from Yuxin Zhiyun were approximately RMB21.94 million, RMB26.84 million and RMB23.03 million, respectively.

Annual caps

The following table sets forth the proposed annual caps for the annual transaction amounts to be paid by us to Yuxin Zhiyun under the Financial Cloud Operating Services and Technology Services Procurement Framework Agreement:

For the year ending December 31,	
2025	**2026**
(RMB in millions)	
[27]	[28]

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between our Group and Yuxin Zhiyun during the Track Record Period in respect of our procurement of the financial cloud operating services and technology services;

(ii) the projected level of procurement of the financial cloud operating services and technology services by our Group from Yuxin Zhiyun to meet the needs of our future business development; and

(iii) other factors including but not limited to the expected unit prices relating to the financial cloud operating services and technology services, taking into account the costs and expenses of relevant products used in the operating services and technology services.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Financial Cloud Operating Services and Technology Services Procurement Framework Agreement for each of the two years ending December 31, 2026 calculated for the purpose of Chapter 14A of the Listing Rules will exceed 0.1% but be less than 5%, on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon [**REDACTED**], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

2. Technical Services and Operation Supporting Services Framework Agreement

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement with Yuxin Zhiyun (the "**Technical Services and Operation Supporting Services Framework Agreement**"), pursuant to which our Group agreed to provide technical services and operation supporting services to Yuxin Zhiyun, including but not limited to operating management services, sales channel services, financial services, tax services, human resources services, legal services, administrative services, public affairs services and resource management system services (the "**Technical and Operation Supporting Services**").

The initial term of the Technical Services and Operation Supporting Services Framework Agreement will commence on the [**REDACTED**] and will end on December 31, 2026 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations. The parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Technical Services and Operation Supporting Services Framework Agreement.

Reasons for the transaction

Our Group has experience and resources in providing the Technical and Operation Supporting Services, which could satisfy Yuxin Zhiyun's business needs and quality standards. The provision of the Technical and Operation Supporting Services to Yuxin Zhiyun is also in line with our ordinary and usual course of business, and could help increase the sales scale and revenue of our Group. Our Directors believe that maintaining a stable business relationship with Yuxin Zhiyun will facilitate our Group's business growth, and therefore entering into the Technical Services and Operation Supporting Services Framework Agreement is in line with the interests of our Company and our Shareholders as a whole.

Consideration and pricing policies

The fees relating to the provision of the Technical and Operation Supporting Services to Yuxin Zhiyun shall be determined based on arm's length negotiation between our Group and Yuxin Zhiyun after taking into account various factors, including but not limited to, the type of services provided, the costs incurred in the provision of services, and the prices for the provision of services of similar nature or type to the Independent Third Parties in the market.

Historical amounts

For the years ended 31 December 2022, 2023 and 2024, the historical transaction amounts with respect to the provision of the Technical and Operation Supporting Services to Yuxin Zhiyun were approximately RMB1.19 million, RMB10.67 million and RMB10.80 million, respectively.

Annual caps

The following table sets forth the proposed annual caps for the annual transaction amounts to be paid by Yuxin Zhiyun to us under the Technical Services and Operation Supporting Services Framework Agreement:

Year ending December 31,	
2025	**2026**
(RMB in millions)	
[11]	[11]

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between our Group and Yuxin Zhiyun during the Track Record Period in respect of our provision of the Technical and Operation Supporting Services;

(ii) our projected level of supply for the Technical and Operation Supporting Services to meet the needs of Yuxin Zhiyun's future business development; and

(iii) other factors including but not limited to the expected market price of similar services on normal commercial terms and its future fluctuations, taking into account the costs and expenses relating to labor, raw materials and market trends.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Technical Services and Operation Supporting Services Framework Agreement for each of the two years ending December 31, 2026 calculated for the purpose of Chapter 14A of the Listing Rules will exceed 0.1% but be less than 5%, on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon [**REDACTED**], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

3. Property Management Services Framework Agreement

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement with Yuchengxin Property (the "**Property Management Services Framework Agreement**"), pursuant to which our Group shall procure property management services from Yuchengxin Property for our business premises, offices and ancillary office properties (including canteens).

The initial term of the Property Management Services Framework Agreement will commence on the [**REDACTED**] and will end on December 31, 2027, subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations. The parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Property Management Services Framework Agreement.

Reasons for the transaction

During its ordinary and usual course of business, our Group has procured property management services from Yuchengxin Property to maintain orderly operations of our business premises, offices and ancillary office properties (including canteens). Yuchengxin Property offers professional and quality property management services that can facilitate efficient and orderly business operation of our Group. Our Board (including the independent non-executive Directors) considered that the terms of the Property Management Services Framework Agreement and the transactions contemplated thereunder are on normal commercial terms in the ordinary and usual course of business of our Group, fair and reasonable, and in the interest of our Company and its shareholders as a whole.

Consideration and pricing policies

The property management service fees under the Property Management Services Framework Agreement are determined based on arm's length negotiation between our Group and Yuchengxin Property after taking into account various factors, including but not limited to, (i) the location, type and size of the relevant property; (ii) the property management service fees offered by third party property management service providers for comparable property in similar location or of similar type or size; (iii) the estimated servicing costs (including, without limitation, labor costs in connection with the property management services); and (iv) any government-prescribed prices, government-guidance prices or standard prices in respect of certain charges (such as utilities) involved in the transactions contemplated under the Property Management Services Framework Agreement.

Historical amounts

For the years ended 31 December 2022, 2023 and 2024, the historical transaction amounts with respect to the procurement of the Property Management Services were approximately RMB3.38 million, RMB3.63 million and RMB4.38 million, respectively.

Annual caps

The following table sets forth the proposed annual caps for the annual transaction amounts to be paid by our Group to Yuchengxin Property under the Property Management Services Framework Agreement:

Year ending December 31,		
2025	**2026**	**2027**
	(RMB in millions)	
[4.53]	[4.80]	[4.80]

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between our Group and Yuchengxin Property during the Track Record Period in respect of our procurement of the property management services;

(ii) the projected level of procurement of the property management services by our Group from Yuchengxin Property for its business premises, offices and ancillary office properties (including canteens) to meet our business needs; and

(iii) other factors including but not limited to the expected unit prices relating to the property management services.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Property Management Services Framework Agreement for each of the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules will exceed 0.1% but be less than 5%, on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon [**REDACTED**], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable, and no less favorable to us than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, we have adopted the following internal control procedures:

- we have adopted a connected transactions management policy for the purpose of ensuring that continuing connected transactions under the abovementioned framework agreements will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

- the Board of our Company shall regularly monitor the status of our Company's connected transactions, and determine whether such connected transactions are conducted in the interests of our Company and our Shareholders as a whole, and shall consider to engage professional valuer(s) or independent financial advisor(s) when appropriate;

- the Audit and Risk Control Committee under the Board shall be responsible for reviewing and evaluating the terms under the connected transactions, in particular, the fairness and reasonableness of each transaction that shall be approved by the Board or the Shareholders;

- in the event that there is a potential conflict of interest arising out of any connected transaction, the interested Directors and/or Shareholders shall abstain from participating in and voting at the relevant meetings in respect of such transactions and shall not be counted in the quorum;

- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the pricing policy; and

- when considering the operating service fees provided by us to the above connected person, our Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between our Company and the Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected person are fair, reasonable and are no less favorable than those offered to the Independent Third Parties.

WAIVERS GRANTED BY THE STOCK EXCHANGE

In respect of the continuing connected transactions as described above under the Financial Cloud Operation Services and Technology Services Procurement Framework Agreement, the Technical Services and Operating Supporting Services Framework Agreement and the Property Management Services Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules for the two years ending December 31, 2026 or for the three years ending December 31, 2027 (as the case may be) will be more than 0.1% but less than 5% on an annual basis. Accordingly, the continuing connected transactions under such framework agreements are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

As the above continuing connected transactions are expected to be carried out on a recurring basis, our Directors consider that strict compliance with the aforesaid announcement requirement will be impractical, and such requirements will lead to unnecessary administrative costs and create an onerous burden on us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the aforesaid partially-exempt continuing connected transactions, provided that the total amount of transactions for each of the two years ending December 31, 2026 or for the three years ending December 31, 2027 (where applicable) will not exceed the relevant proposed annual caps as set out in this section. The independent non-executive Directors and auditors of the Company will review whether the transactions under the above continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

CONFIRMATION BY DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that the partially-exempt continuing connected transactions set out above have been and will continue to be carried out in our ordinary and usual course of business of our Company and on normal commercial terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the aforesaid partially-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION BY THE JOINT SPONSORS

The Joint Sponsors are of the view that the aforesaid partially-exempt continuing connected transactions have been and will continue to be carried out in the ordinary and usual course of business of our Company and on normal commercial terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the aforesaid partially-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

OVERVIEW

Upon [**REDACTED**], our Board will comprise nine Directors, including three executive Directors, one non-executive Director and five independent non-executive Directors, namely:

Name	Age	Position	Time of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors or senior management
Mr. Hong Weidong (洪衛東)	58	Founder, Executive Director, Chairman of the Board, Chief Executive Officer, General Manager	June 1999	July 15, 2015	Overall management, strategic planning, business development, major investment and decision making of our Group	Spouse of Ms. Wu Hong
Ms. Wu Hong (吳紅)	54	Co-founder, Executive Director, Deputy General Manager	June 1999	April 22, 2020	Executing strategic planning and business operations of our Group	Spouse of Mr. Hong Weidong
Mr. Dai Steve Shiping (戴士平)	58	Executive Director, Deputy General Manager	May 2009	July 15, 2015	Executing strategic planning and business operations of our Group	None
Mr. Song Kaiyu (宋開宇)	47	Non-executive Director	July 2015	May 17, 2022	Providing strategic and management advice to the Board	None
Mr. Li Jun (李軍)	63	Independent non-executive Director	September 2021	September 6, 2021	Providing independent advice on the operations and management of our Group to the Board	None
Mr. Li Feng (李鋒)	64	Independent non-executive Director	August 2022	August 12, 2022	Providing independent advice on the operations and management of our Group to the Board	None
Ms. Wang Xia (王霞)	48	Independent non-executive Director	May 2024	May 15, 2024	Providing independent advice on the operations and management of our Group to the Board	None
Ms. Li Hua (李華)	48	Independent non-executive Director	September 2024	September 20, 2024	Providing independent advice on the operations and management of our Group to the Board	None
Prof. Zhang Xiaoquan (張曉泉)	51	Independent non-executive Director	Upon [REDACTED]	Upon [REDACTED]	Providing independent advice on the operations and management of our Group to the Board	None

Our senior management team, in addition to the executive Directors listed above, comprises the following:

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors or senior management
Mr. Jing Jiabin (井家斌)	55	Deputy General Manager	May 2006	May 20, 2020	Executing strategic planning and business operations of our Group	None
Mr. Zhang Ning (張寧)	47	Deputy General Manager and CTO	May 2024	September 20, 2024	Managing the CTO office and in charge of technology research and development affairs of our Group	None
Ms. Hu Jie (胡潔)	43	Deputy General Manager	May 2024	May 13, 2024	Managing the human resources department, legal and compliance department, internal audit department, and marketing management department	None
Mr. Zheng Chun (鄭春)	55	Deputy General Manager	February 2000	July 15, 2015	Managing the CTO office as a chief architect	None
Mr. Zhai Hanbin (翟漢斌)	42	Deputy General Manager	December 2004	May 20, 2020	Managing the digital finance division and credit business department	None
Mr. Wang Ye (王野)	46	Deputy General Manager	July 2002	May 20, 2020	Managing the major project management office	None
Mr. Li Jiang (李江)	44	Deputy General Manager	August 2009	April 25, 2023	Managing the northern region and the innovation industry division	None
Mr. Shen Bo (沈波)	42	Deputy General Manager	November 2011	September 20, 2024	Executing strategic planning and business operations of our Group	None

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors or senior management
Ms. Liang Wenfang (梁文芳)	44	Financial Director	June 2017	April 25, 2023	Managing the finance department, tax department and operations management department	None
Ms. Zhou Fan (周帆)	44	Secretary of the Board of Directors	November 2021	April 25, 2023	Capital markets, corporate governance, information disclosure, investor relations and shareholder management, as well as the organization and operation of the board and shareholders' meetings of our Group	None

DIRECTORS

Executive Directors

Mr. Hong Weidong (洪衛東), aged 58, is our founder, executive Director, chairman of our Board, chief executive officer and general manager. Mr. Hong was appointed as our Director, the chairman of our Board and our chief executive officer on July 15, 2015 and was re-designated as an executive Director on May 28, 2025 with effect from the [**REDACTED**]. He is primarily responsible for the overall management, strategic planning, business development, major investment and decision making of our Group.

In June 1999, Mr. Hong founded our Group, and served as the chief executive officer of Beijing Sihitech Technology Development Co., Ltd. (北京宇信鴻泰科技發展有限公司), one of our current subsidiaries. In October 2006, our Company was established and since then, Mr. Hong has served as the chief executive officer of our Company. Mr. Hong was recognized as the "Leading Talent in Fintech" (金融科技領軍人才) by Beijing Local Financial Supervision and Administration Bureau (北京市地方金融監督管理局) in August 2023.

Mr. Hong obtained a bachelor's degree in engineering from Tsinghua University (清華大學) in July 1990, and obtained an executive master's degree in business administration (EMBA) from Tsinghua University (清華大學) in January 2005.

Ms. Wu Hong (吳紅), aged 54, is our co-founder, executive Director and deputy general manager. Ms. Wu has been our co-founder, executive Director and deputy general manager since June 2006, and was re-designated as an executive Director on May 28, 2025 with effect from the [**REDACTED**]. She is primarily responsible for executing the strategic planning and business operations of our Group. Ms. Wu currently is also the deputy chairman of the board of Beijing Yusys Hengsheng Information Technology Co. Ltd. (北京宇信恒升信息技術股份有限公司), a non-wholly owned subsidiary of our Group.

Previously, from 1999 to 2006, Ms. Wu served as the senior vice president of Beijing Sihitech Technology Development Co., Ltd. (北京宇信鴻泰科技發展有限公司).

Ms. Wu obtained an executive master's degree in business administration (EMBA) from Tsinghua University (清華大學) in January 2010.

Mr. Dai Steve Shiping (戴士平), aged 58, was appointed as a Director in July 2015. He joined the Company in May 2009 and served as the chief financial officer, senior vice president, financial director and secretary of the Board of our Company. He has served as a deputy manager of our Company since April 2023 and is responsible for executing the strategic planning and business operations of our Group. Mr. Dai was re-designated as the executive Director on May 28, 2025 with effect from the [**REDACTED**]. Mr. Dai also serves as a director of Beijing Yusys Qihui Information Technology Co., Ltd. (北京宇信企慧信息技術有限公司), a non-wholly owned subsidiary of our Company, and a manager of Zhuhai Shutong Tianxia Technology Co., Ltd. (珠海數通天下科技有限公司), a wholly-owned subsidiary of our Company. Previously, Mr. Dai also worked at several companies where he served as senior management positions.

Previously, he joined Sichuan SME Investment Fund (四川中小企業投資基金) in 2002 and served as a vice president at Great Ocean Investment Group in 2004. Subsequently, from June 2007 to May 2009, he served as the chief financial officer at Beyondsoft Corporation (博彥科技股份有限公司) (formerly known as Beijing Beyondsoft Co., Ltd. (北京博彥科技有限責任公司)).

Mr. Dai obtained a bachelor's degree in radio technology from the University of Science and Technology of China (中國科學技術大學) in July 1987, and obtained a degree of master of science in electrical engineering from the University of Miami (邁阿密大學) in December 1991, and a master's degree in business administration from the University of Pennsylvania (賓夕法尼亞大學) in May 1999.

Non-Executive Director

Mr. Song Kaiyu (宋開宇), aged 47, served as our Director from July 2015 to March 2020. He was reappointed as our Director in May 2022 and was re-designated as a non-executive Director on May 28, 2025 with effect from the [**REDACTED**]. Mr. Song is responsible for providing strategic and management advice to the Board. He also served as a director of Yuxin Data Technology Co., Ltd. (宇信數據科技有限公司), a wholly owned subsidiary of our Company, from August 2016 to June 2021.

Mr. Song has served as the vice chairman and director of Hainan Jinpan Smart Technology Co., Ltd. (海南金盤智慧科技股份有限公司) (stock code: 688676.SH), a company listed on the Shanghai Stock Exchange, since October 2017, and a manager partner of FCAP Investors Pte. Ltd. since January 2025. From May 2011 to May 2014, he worked at Everbright Holdings Management Services Limited (光大控股管理服務有限公司) with his last position there being a vice president. He also worked at Forebright Administration Services Limited (formerly known as China Forebright Investment Management Limited (中國光遠投資管理有限公司)) from May 2014 to December 2024 with his last position there being the managing director.

Mr. Song obtained a bachelor's degree in engineering from Beijing Institute of Technology (北京理工大學) in July 2001, and obtained a master's degree in computer science from the University of Wollongong (伍倫貢大學) in December 2002, followed by a master's degree in actuarial studies from the University of New South Wales (新南威爾士大學) in September 2006.

Independent Non-Executive Directors

Mr. Li Jun (李軍), aged 63, was appointed as an independent Director on September 6, 2021, and was re-designated as an independent non-executive Director on May 28, 2025 with effect from the [**REDACTED**]. He is primarily responsible for providing independent advice on the operations and management of our Group to the Board.

Mr. Li started working at Tsinghua University (清華大學) in September 1986 and retired from Tsinghua University (清華大學) in October 2022, with his last position there being as a research fellow. Mr. Li has served as a director at Beijing Yicheng Huachuang Technology Co., Ltd. (北京易程華創科技股份有限公司) since January 2013; a director at Beijing Wen An Intelligent Technology Co., Ltd. (北京文安智能技術股份有限公司) since March 2015; a manager and an executive director of Beijing Baiaosida Investment Consulting Co., Ltd. (北京百奧思達投資顧問有限公司) since May 2016; the president at Sinovel Angel Fund, LLC and a director at Shenzhen Fule Technology Co., Ltd. (深圳賦樂科技集團有限公司) since July 2020; a supervisor at Beijing Yunshan Century Information Technology Co., Ltd. (北京雲杉世紀網絡科技有限公司) since October 2020; and a director of Shanghai New Helium Brain Intelligence Technology Co., Ltd. (上海新氦類腦智能科技有限公司) since November 2021.

Mr. Li also holds or held independent directorship in several listed companies, including:

- Guangzhou Anyka Microelectronics Co., Ltd. (廣州安凱微電子股份有限公司) (stock code: 688620.SH), since September 2020;

- Hillstone Networks Co., Ltd. (山石網科通信技術股份有限公司) (stock code: 688030.SH), from February 2019 to February 2025;

- Shenzhen KINGDOM SCI-TECH Co., Ltd. (深圳市金證科技股份有限公司) (stock code: 600446.SH), from September 2020 to October 2023;

- Shandong New Beiyang Information Technology Co., Ltd. (山東新北洋信息技術股份有限公司) (stock code: 002376.SZ), from May 2018 to May 2021; and

- NSFOCUS Technologies Group Co., Ltd. (綠盟科技集團股份有限公司) (formerly known as Beijing Shenzhou NSFOCUS Information Security Science and Technology Co., Ltd. (stock code: 300369.SZ), from December 2010 to June 2017.

Mr. Li obtained a bachelor's degree in engineering from Tsinghua University (清華大學) in July 1985, and obtained a master's degree in engineering from Tsinghua University (清華大學) in June 1988. He also earned a doctor of philosophy's degree in computer science from New Jersey Institute of Technology (美國新澤西理工學院) in May 1997.

Mr. Li Feng (李鋒), aged 64, was appointed as an independent Director on August 12, 2022, and was re-designated as an independent non-executive Director on May 28, 2025 with effect from the [**REDACTED**]. He is primarily responsible for providing independent advice on the operations and management of our Group to the Board.

Mr. Li had nearly two decades of experience in the group of China Merchants Bank (招商銀行). Particularly, he was appointed as the assistant president and deputy president at China Merchants Bank Beijing Branch (招商銀行北京分行) in April 2004 and March 2006, respectively, and became the general manager of the institutional department of China Merchants Bank (招商銀行) in June 2015. He was the president of China Merchants Bank Jinan Branch (招商銀行濟南分行) from March 2016 to March 2019 and became the chief client manager of in March 2019.

Mr. Li obtained a bachelor's degree in engineering from the PLA Engineering College (中國人民解放軍工程兵工程學院) in July 1983.

Ms. Wang Xia (王霞), aged 48, was appointed as an independent Director on May 15, 2024, and was re-designated as an independent non-executive Director on May 28, 2025 with effect from the [**REDACTED**], and is responsible for providing independent advice on the operations and management of our Group to the Board.

From August 2005 to October 2017, Ms. Wang served as a senior manager in Ernst & Young Hua Ming LLP. From April 2018 to April 2021, she served as the chief auditor of the audit center at Guangzhou R&F Properties Co., Ltd. (廣州富力地產股份有限公司). Since April 2021, she has served as a partner and head of international quality control at ShineWing Certified Public Accountants (信永中和會計師事務所).

Ms. Wang obtained a bachelor's degree in international economics from Hunan Finance and Economics College (湖南財經學院) in June 1999, and obtained a master's degree in finance from Central University of Finance and Economics (中央財經大學) in June 2005. Ms. Wang has been a member of the Chinese Institute of Certified Public Accountants since November 2007.

Ms. Li Hua (李華), aged 48, was appointed as an independent Director on September 20, 2024, and was re-designated as an independent non-executive Director on May 28, 2025 with effect from the [**REDACTED**]. She is primarily responsible for providing independent advice on the operations and management of our Group to the Board.

Since June 2019, Ms. Li has been serving as a partner of Beijing DeHeng Law Firm (北京德恒律師事務所). Prior to joining Beijing DeHeng Law Firm (北京德恒律師事務所) in June 2019, she successively worked at Beijing Tianyin Law Firm (北京市天銀律師事務所), Beijing Instrument Industry Group Co., Ltd. (北京京儀集團有限公司) and Yingke Law Firm (北京市盈科律師事務所). Before that, she also had abundant experience in legal practice area. Ms. Li has been appointed as an independent director of Taiji Computer Corporation Limited (太極計算機股份有限公司) (SZSE: 002368) since July 2022 and NSFOCUS Technologies Group Co., Ltd. (綠盟科技集團股份有限公司) (SZSE: 300369) since July 2023.

Ms. Li obtained a bachelor's degree in law from Tsinghua University (清華大學) in July 2002, and a master of laws degree from Renmin University of China (中國人民大學) in January 2009.

Prof. Zhang Xiaoquan (張曉泉), aged 51, is an independent non-executive Director of our Company, and is responsible for providing independent advice on the operations and management of our Group to the Board.

Prof. Zhang served at The Hong Kong University of Science and Technology Business School (香港科技大學商學院) in 2006 dedicated to academic research as an assistant professor and associate professor successively. He has been a professor at The Chinese University of Hong Kong (香港中文大學) since 2017 and currently serves as Wei-Lun Endowed Chair Professor of Business AI at The Chinese University of Hong Kong Business School.

Prof. Zhang served as an independent director of Secoo Holding Limited (NASDAQ: SECO) during the period when its shares were listed on NASDAQ from 2017 to 2024. Since December 2019, Prof. Zhang has served as an executive director of Shenzhen Qianhai Super Quantum Fund Management Co., Ltd. (深圳前海超量子基金管理有限公司). Since March

2020, Prof. Zhang has also served as an independent non-executive director of Maxnerva Technology Services Limited (雲智匯科技服務有限公司) (Stock Code: 1037), a company listed on the Main Board of the Stock Exchange.

Prof. Zhang obtained a bachelor of engineering degree in computer science and a bachelor of arts degree in English from Tsinghua University (清華大學) in July 1996, and a master of management in technology economy from Tsinghua University (清華大學) in July 1999. Prof. Zhang also obtained a doctor's degree in management from MIT Sloan School of Management in the United States in July 2006.

Save as disclosed above, none of our Directors has been a director of any listed companies during the three years immediately prior to the date of this document.

Further Information about Our Directors

Mr. Hong was a director of Beijing Yuxin Hengli Plastic Machinery Equipment Co., Ltd. (北京宇信恒力塑料機械設備有限公司); and a director and general manager of Beijing Xinyuan Tianyu Technology Co., Ltd. (北京信源天宇科技有限公司). Both of the companies above had no substantive active operation and failed to submit the required relevant fillings, and were deregistered on November 16, 2004 and December 11, 2009, respectively. To the best knowledge and information of Mr. Hong, he confirmed that (i) the above entities were solvent immediately prior to their dissolution or deregistration; (ii) there was no wrongful act on his part leading to the dissolution or deregistration of the above entities and was not aware of any actual or potential claim that had been or would be made against him as a result of such dissolution or deregistration; and (iii) no misconduct or misfeasance had been involved in the dissolution or deregistration of the above entities.

Save as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date.

Confirmations from Our Directors

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 on April 21, 2025 and June 10, 2025 (as the case may be), 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 confirms (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

Rule 8.10 of the Listing Rules

Each of our Directors confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Pursuant to the latest regulations of the CSRC, we passed a resolution at our general meeting on May 28, 2025 that the supervisory committee has been abolished since the date of the general meeting, and the relevant principal functions of the supervisory committee will be replaced by the Audit and Risk Control Committee of the Board.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operation of our business. Mr. Hong Weidong, Ms. Wu Hong and Mr. Dai Steve Shiping, our executive Directors, are also members of our senior management. For their biographies, see "— Directors — Executive Directors" in this section.

Mr. Jing Jiabin (井家斌), aged 55, has been a deputy general manager of our Company since May 2020. Before holding his current position in our Company, he held several positions as the general manager, senior vice president and executive vice president of eastern region of our Company from September 2014 to May 2020. In May 2006, he joined Beijing Yucheng Information Technology Co., Ltd. (北京宇信鴻泰信息技術有限公司) in which he currently serves as a director. He is primarily responsible for executing strategic planning and business operations of our Group. Previously, Mr. Jing also worked at several companies where he served as senior management positions.

Mr. Jing graduated from Beijing Institute of Light Industry (北京輕工業學院) with a Bachelor's degree in electrical engineering in July 1992, and obtained his executive master's degree in business administration (EMBA) from Tsinghua University (清華大學) in January 2005.

Mr. Zhang Ning (張寧), aged 47, has served as a deputy general manager and CTO of our Company since September 2024. He has also served as a senior vice president and chief technology officer of our Company since May 2024. He is primarily responsible for managing the CTO office and in charge of technology research and development affairs of our Group.

Mr. Zhang previously worked at Oracle Corporation. He then worked at Fortify Inc. in 2008. From October 2010 to August 2018, he worked at Zuora Inc with his last position as a software engineering director. Subsequently, from August 2018 to May 2024, he worked at Snowball (Beijing) Technology Development Co., Ltd. (雪球(北京)技術開發有限公司) with his last position there being a vice president.

Mr. Zhang obtained a bachelor's degree in computer science from Tsinghua University (清華大學) in July 1999. He obtained a master's degree in engineering from Tsinghua University (清華大學) in January 2002, followed by another master of science degree in computer science from the University of Southern California (南加州大學) in August 2003.

Ms. Hu Jie (胡潔), aged 43, has been a senior vice president and deputy general manager of our Company since May 2024 and September 2024, respectively. She is primarily responsible for managing the human resources department, legal and compliance department, internal audit department, and marketing management department. She is also in charge of the assets management business.

Prior to joining our Group, Ms. Hu worked at Ctrip.com (攜程旅行網) and Qunar.com (去哪兒網) for nearly a decade, where she served as various positions including vice president, chief operating officer and president. Subsequently, she served as a venture partner at Northern Light Venture Capital (北極光創投) from March 2019 to March 2020, and co-founded Beijing Haqi Robot Technology Co., Ltd. (北京哈崎機器人科技有限公司) from February 2020 to April 2024.

Ms. Hu obtained a bachelor's degree in engineering from Chengdu University of Information Technology (成都信息工程大學) (formerly known as Chengdu College of Information Technology (成都信息工程學院)) in July 2004. She later obtained a master's degree in education from Southwest University (西南大學) in June 2008.

Mr. Zheng Chun (鄭春), aged 55, has been appointed as a deputy general manager of our Company since July 2015. He served as the department manager of Beijing Yuxin Hongtai Information Technology Co., Ltd. (北京宇信鴻泰信息技術有限公司) from February 2000 to October 2006, and subsequently held positions as a department manager, IT support director and vice president of our Company from November 2006 to July 2015. He is primarily responsible for managing the CTO office as a chief architect.

Mr. Zheng obtained a bachelor's degree in computer science from Beijing University of Technology (北京工業大學) in July 1993. He also obtained a master's degree in engineering from the University of Science and Technology of China (中國科學技術大學) in July 2003.

Mr. Zhai Hanbin (翟漢斌), aged 42, has been a deputy general manager of our Company since May 2020. He served as a software engineer, project manager, department manager, and general department manager from December 2004 to May 2020. He is responsible for managing the digital finance division and credit business department, while he is also the chief executive officer of Hangzhou Yucheng Digital Technology Co., Ltd. (杭州宇信數字科技有限公司), a non-wholly owned subsidiary of our Company.

Mr. Zhai obtained a bachelor's degree in engineering from Zhengzhou University (鄭州大學) in June 2003.

Mr. Wang Ye (王野), aged 46, has been a deputy general manager of our Company since May 2020. He is primarily responsible for managing the major project management office.

Mr. Wang joined our Group in July 2002 as a software engineer, and subsequently held several positions as a software engineer, project manager and department manager. From November 2008 to January 2016, he served as the deputy general manager of the delivery center, and subsequently served as the vice president of our Company from February 2016 to May 2020.

Mr. Wang obtained a bachelor's degree in engineering at Shenyang University (瀋陽大學) in July 2001.

Mr. Li Jiang (李江), aged 44, has been appointed as a deputy general manager of our Company since April 2023. He previously served as a major customer sales director for the northern region from August 2009 to December 2018, and a deputy general manager from January 2019 to December 2020. Since March 2020, he has been serving as the vice president of our Company, primarily responsible for managing the northern region and the innovation industry division.

Mr. Li obtained a bachelor's degree in engineering from Hebei GEO University (河北地質大學) in June 2004. He also obtained an executive master's degree in business administration (EMBA) from Tsinghua University (清華大學) in June 2024.

Mr. Shen Bo (沈波), aged 42, has been a deputy general manager of our Company since September 2024. He joined our Company in November 2011 and has served as an intelligent channel product manager, department manager, general manager of research and development center, and general manager of credit business division. He is primarily responsible for executing strategic planning and business operations of our Group.

Prior to joining our Group, Mr. Shen worked at Beijing Agree Technology Development Ltd. (北京贊同科技股份有限公司) from May 2007 to October 2011.

Mr. Shen obtained a bachelor's degree in engineering from Shanghai Jiao Tong University (上海交通大學) in July 2004.

Ms. Liang Wenfang (梁文芳), aged 44, has been appointed as the financial director of our Company since April 2023. She previously served as the general manager of finance department from June 2017 to April 2023. She is primarily responsible for managing the finance department, tax department and operations management department.

Ms. Liang possesses extensive experience in financial management and auditing. She is recognized as a National Leading Accounting Talent (全國會計領軍人才) by the Ministry of Finance of China (中國財政部), and holds professional certifications as a Certified Public Accountant (CPA). From March 2008 to January 2016, she worked at Deloitte Touche Tohmatsu CPA Ltd. (德勤華永會計師事務所) with her last position was audit manager.

In June 2006, Ms. Liang obtained a master's degree in education from Hunan Normal University (湖南師範大學).

Ms. Zhou Fan (周帆), aged 44, has been appointed as the secretary of the Board of our Company since April 2023. She previously served as the director of securities department of our Company from November 2021 to April 2023. She is primarily responsible for capital markets, corporate governance, information disclosure, investor relations and shareholder management, as well as the organization and operation of the board and shareholders' meetings.

Ms. Zhou has extensive experience in corporate governance, capital markets and investor relations. She held various positions at Beijing Qian Fang Information Technology Co., Ltd. (北京千方科技股份有限公司) (stock code: 002373.SZ) and Beijing Qian Fang Group Co., Ltd. (北京千方集團有限公司) from 2009 to 2017, including the investor relations director, investment and financing general manager, and vice president. From 2017 to 2021, she worked at Beijing Hongcheng Liye Technology Inc. (北京弘成立業科技股份有限公司). Ms. Zhou obtained her qualification as a board secretary from the Shenzhen Stock Exchange in May 2014. Her experience is highly recognized in the capital markets, evidenced by the title of "Golden Board Secretary" (金牌董秘) under the 21st New Fortune Awards honored in April 2025.

Ms. Zhou obtained a bachelor's degree in arts from University of Chinese Academy of Social Sciences (中國社科院大學) (formerly known as China Youth University of Political Studies (中國青年政治學院)) in July 2003, and obtained a master's degree in arts from Newcastle University (英國紐卡斯爾大學) (formerly known as University of Newcastle upon Tyne) in December 2004.

Save as disclosed above, none of our senior management has been a director of any listed companies during the three years immediately prior to the date of this document.

JOINT COMPANY SECRETARIES

Ms. Zhou Fan (周帆), our secretary of the Board and joint company secretary, was appointed as one of our joint company secretaries on May 13, 2025 with effect from the [**REDACTED**]. For the biographical details of Ms. Zhou, see "— Senior Management" in this section.

Ms. Zhang Xiao (張瀟), aged 38, was appointed as one of our joint company secretaries on May 13, 2025 with effect from the [**REDACTED**]. She is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over ten years of experience in the corporate secretarial field. Ms. Zhang has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom in 2019.

Ms. Zhang obtained a bachelor's degree in computer science from The Chinese University of Hong Kong (香港中文大學) in December 2010, a master's degree in corporate governance from The Open University of Hong Kong (香港公開大學) (currently known as Hong Kong Metropolitan University (香港都會大學)) in November 2018, and a master's degree in accountancy from Hong Kong Baptist University (香港浸會大學) in October 2024.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit and Risk Control Committee

Our Board has established the Audit and Risk Control 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 "**Corporate Governance Code**"). The primary duties of the Audit and Risk Control 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. The Audit and Risk Control Committee comprises Ms. Wang Xia, Ms. Li Hua and Mr. Song Kaiyu, with Ms. Wang Xia being our independent non-executive Director with appropriate professional qualifications) as the chairperson.

Remuneration and Evaluation Committee

Our Board has established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Evaluation Committee are to 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 Remuneration and Evaluation Committee comprises Mr. Li Feng, Ms. Wu Hong and Mr. Li Jun, with Mr. Li Feng as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Mr. Li Jun, Mr. Hong Weidong and Ms. Li Hua, with Mr. Li Jun as the chairperson.

Strategy Committee

Our Board has established the Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to make recommendations to our Board on our long-term development strategies and major investment decisions. The Strategy Committee comprises Mr. Hong Weidong, Mr. Li Jun and Mr. Li Feng, with Mr. Hong Weidong as the chairperson.

Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon [**REDACTED**] save for the below.

Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Company deviates from this provision because Mr. Hong Weidong, performs both the roles of the chairman of our Board and chief executive officer of our Company. Our Board believes that, in view of his experience, personal profile and understanding of our business operations as mentioned above, Mr. Hong is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman and chief executive officer to Mr. Hong can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and five independent non-executive Directors. Our Board will reassess the division of the roles of chairman and the chief executive officer from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embrace the benefits of having a diverse Board and see increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of three female and six male Directors ranging from 47 to 64 years old with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, business administration, finance and accounting and corporate governance in addition to extensive experience in the industry. They obtained degrees in various majors including engineering, business administration, computer science, economics and law. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our Nomination 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 adoption.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive remuneration in the form of wages, salaries and bonuses, share-based compensation expenses, pension obligations, housing funds, medical insurances and other social insurances, and other employee benefit expenses.

The aggregate amount of remuneration of our Directors (including the wages, salaries and bonuses, share-based compensation expenses, pension obligations, housing funds, medical insurances and other social insurances, and other employee benefit expenses) for the years ended December 31, 2022, 2023 and 2024 were approximately RMB4.24 million, RMB10.69 million and RMB12.61 million, respectively. None of our Directors waived or agreed to waive any emolument during the same periods.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2025 to be approximately RMB12.6 million.

The five highest paid individuals of our Group for the years ended December 31, 2022, 2023 and 2024 included nil, nil and two Directors, respectively. During the same periods, the aggregate amount of remuneration of the five highest paid individuals (excluding our Directors) (including the wages, salaries and bonuses, share-based compensation expenses, pension obligations, housing funds, medical insurances and other social insurances, and other employee benefit expenses) were approximately RMB16.75 million, RMB30.41 million and RMB17.61 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors or five highest paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, past directors or five highest paid individuals for the loss of office as a 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.

Save as disclosed above, no other payments have been made or are payable by our Group to our Directors in respect of the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor 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 advisor will, amongst other things, advise our Company 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 our business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry of our Company concerning unusual movements in the price or trading volume of our listed securities or any other matters under Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor 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**].

OVERVIEW

As of the Latest Practicable Date, Mr. Hong was indirectly interested in approximately 25.16% of the voting rights of our Company through Yuqin Hongtai (excluding 13,818,156 A Shares which are held by our Company as treasury Shares), which was owned as to 99.99% by Mr. Hong. For details, please see the section headed "History and Corporate Structure — Corporate Structure" in this document. Accordingly, Mr. Hong and Yuqin Hongtai were entitled to exercise approximately [**REDACTED**]% of the voting rights in our Company (excluding 13,818,156 A Shares which are held by our Company as treasury Shares) as of the Latest Practicable Date and therefore, constitute our Single Largest Group of Shareholders.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Single Largest Group of Shareholders will hold approximately [**REDACTED**]% of the voting rights in our Company (excluding 13,818,156 A Shares which are held by our Company as treasury Shares). Accordingly, Mr. Hong and Yuqin Hongtai will remain as our Single Largest Group of Shareholders upon [**REDACTED**], and our Company will not have any controlling shareholder as defined under the Listing Rules.

Apart from the above, Mr. Hong is also the chairman of our Board, an executive Director, the chief executive officer and the general manager of our Company. For further background details of Mr. Hong, please see the section headed "Directors and Senior Management — Executive Directors" in this document.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Single Largest Group of Shareholders and their respective close associates upon [**REDACTED**].

Management Independence

Upon [**REDACTED**], our Board will comprise nine Directors, including three executive Directors, one non-executive Director and five independent non-executive Directors. Our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period and have substantial and extensive relevant industry experience and expertise as set out in "Directors and Senior Management." Save as Mr. Hong, who is the member of our Single Largest Group of Shareholders and an executive Director, none of our Directors or members of the senior management are the members of our Single Largest Group of Shareholders or hold any directorship or executive position in our Single Largest Group of Shareholders or their close associates.

Our Directors consider that our Board and senior management will function independently of our Single Largest Group of Shareholders for the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

(iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and

(iv) we have appointed five independent non-executive Directors, comprising more than one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Single Largest Group of Shareholders and their respective close associates.

Operational Independence

We are not operationally dependent on our Single Largest Group of Shareholders. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Single Largest Group of Shareholders and their close associates. We have independent access to suppliers and customers. We are also in possession of relevant assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently.

We have entered into certain transactions with Yuxin Zhiyun and Yuchengxin Property, an associate of Mr. Hong, which are set out in "Continuing Connected Transactions" in this document and note 38 to the Accountants' Report set out in Appendix I to this document. Considering that the amounts of these transactions are not significant to our Group, our Directors believe that such transactions will not have any impact on our operational independence. Save as these transactions, our Directors do not expect that there will be any other significant transaction between our Group and our Single Largest Group of Shareholders and their close associates upon [**REDACTED**].

Based on the above, our Directors believe that we are able to operate independently from our Single Largest Group of Shareholders and their respective close associates.

Financial Independence

Our Group is able to operate independently from our Single Largest Group of Shareholders and their close associates from the financial perspective. Our Group has established its own finance department responsible for the financial management, accounting and taxation in the ordinary and usual course of business of our Company. Our Group also has its own risk management and internal control system, independent accounting and financial management system and independent management for cash receipts and payments. Our Group's accounting and finance functions are independent from our Single Largest Group of Shareholders and their close associates. Our Company opens accounts with banks independently and does not share any bank account with our Single Largest Group of Shareholders.

We do not rely on our Single Largest Group of Shareholders or their close associates to provide financial assistance to our Group. We have independent access to third party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Single Largest Group of Shareholders or their close associates. As of the Latest Practicable Date, save for the performance guarantee provided by Mr. Hong Weidong and Ms. Wu Hong in an aggregate amount of approximately RMB0.28 million, all of which will expire on August 31, 2025, none of our Single Largest Group of Shareholders or their close associates had provided any loans, borrowings or guarantees to our Group.

Based on the above, our Directors believe that we are able to maintain financial independence from our Single Largest Group of Shareholders and their respective close associates.

INTERESTS OF OUR SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

Each member of our Single Largest Group of Shareholders confirms that as of the Latest Practicable Date, he/it did not have any interest in any business apart from the business of our Group which competes or is likely to compete, directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Single Largest Group of Shareholders:

1. where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their respective associates has a material interest, our Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

2. our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with a member of our Single Largest Group of Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;

3. we are committed that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We have appointed five independent non-executive Directors, and believe our independent non-executive Directors (i) possess sufficient and diverse experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole;

4. where our Directors reasonably request the advice of independent professionals, such as financial advisers, valuers or legal advisers, the appointment of such independent professionals will be made at our Company's expenses; and

5. we have appointed the compliance advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage any conflicts of interest between our Group and our Single Largest Group of Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was 704,057,060 A Shares (including 13,818,156 repurchased A Shares as treasury shares) of nominal value of RMB1.00 each, which are all listed on the ChiNext Market of the Shenzhen Stock Exchange.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the share capital of our Company will be as follows:

Description of Shares	Number of Shares[(1)]	Approximate percentage of issued share capital
		(%)
A Shares in issue	704,057,060	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Note:

(1) Including 13,818,156 A Shares which are held by our Company as treasury Shares.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is exercised in full), the share capital of our Company will be as follows:

Description of Shares	Number of Shares[(1)]	Approximate percentage of issued share capital
		(%)
A Shares in issue	704,057,060	[**REDACTED**]
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Note:

(1) Including 13,818,156 A Shares which are held by our Company as treasury Shares.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

OUR SHARES

Our H Shares in issue following the completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be [**REDACTED**] for or [**REDACTED**] by Hong Kong and other overseas [**REDACTED**] and qualified domestic institutional [**REDACTED**]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by mainland Chinese [**REDACTED**] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shareholders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**] on the Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek the [**REDACTED**] of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting of our Company held on April 21, 2025 and is subject to the following conditions:

(i) **Size of the** [**REDACTED**]**.** The proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**]% of the total issued share capital enlarged by the H Shares to be issued pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be issued pursuant to the full exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

(ii) **Method of** [**REDACTED**]**.** The method of [**REDACTED**] shall be by way of an [**REDACTED**] to qualified institutional [**REDACTED**] and a [**REDACTED**] for [**REDACTED**] in Hong Kong.

(iii) **Target** [**REDACTED**]**.** The H Shares shall be [**REDACTED**] to public [**REDACTED**] in Hong Kong under the [**REDACTED**] and international [**REDACTED**], qualified domestic institutional [**REDACTED**] in mainland China and other [**REDACTED**] who are approved by mainland Chinese regulatory bodies to [**REDACTED**] abroad in [**REDACTED**].

(iv) [**REDACTED**] **basis.** The [**REDACTED**] price of the H Shares will be determined, among others, after full consideration of the interests of existing shareholders of our Company, acceptance of [**REDACTED**] and the risks related to the [**REDACTED**], according to international practice, through the demands for orders and book building process, with reference to the domestic and overseas capital market conditions, and the market subscription conditions.

(v) **Validity period.** The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Stock Exchange shall be completed within 18 months from the date when the Shareholders' general meeting was held on April 21, 2025.

There is no other approved [**REDACTED**] plan for our Shares except the [**REDACTED**].

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which the Shareholders' general meeting is required, see "Appendix V — Summary of Principal Legal and Regulatory Provisions" and "Appendix III — Summary of Articles of Association."

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the following persons will have an interest or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company.

				Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is fully exercised)	
Name of Shareholder	**Nature of Interest(1)**	**Description of Shares**	**Number of Shares or underlying Shares held**	**Approximate percentage of shareholding in our A Shares(2)**	**Approximate percentage of shareholding in the total share capital of our Company(2)**	**Approximate percentage of shareholding in our A Shares(2)**	**Approximate percentage of shareholding in the total share capital of our Company(2)**
Yuqin Hongtai . . .	Beneficial owner(3)(4)	A Shares	173,696,041	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Mr. Hong Weidong (洪衛東)	Interest in controlled corporations(3)	A Shares	173,696,041	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Ms. Wu Hong (吳紅)	Interest of spouse(5)	A Shares	173,696,041	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

(2) The total issued share capital of our Company includes the 13,818,156 A Shares held by our Company as treasury shares.

(3) As of the Latest Practicable Date, Yuqin Hongtai was held as to 99.99% by Mr. Hong Weidong (洪衛東). As such, Mr. Hong Weidong will be deemed to be interested in the A Shares held by Yuqin Hongtai for the purpose of Part XV of the SFO.

(4) As of the Latest Practicable Date, among the Shares held by Yuqin Hongtai, 21,190,000 A Shares were pledged to financial institutions as security to meet Yuqin Hongtai's financing needs.

(5) Mr. Hong Weidong (洪衛東) and Ms. Wu Hong (吳紅) are spouses. By virtue of the SFO, Ms. Wu Hong is deemed to be interested in the Shares held by Mr. Hong Weidong.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to our Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of our Company.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 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 PRC leading fintech solution provider operating in domestic and overseas market, providing full-stack product-oriented technology solutions to a wide spectrum of financial institutions.

We have been rooted in the financial technology industry for over two decades, and our comprehensive customer base covers a wide spectrum of bank and non-bank institutions. We have deeply involved and promoted the global-leading digital and intelligent transformation process of China's financial institutions and achieved full coverage of financial business scenarios. Benefitted from our profound industry experience and outstanding product capabilities accumulated from our long-term business operation, we maintain a leading market position and have achieved prestigious industry reputation and brand recognition. According to the CIC Report, in terms of revenue, we ranked first position and top market share among listed PRC companies in banking fintech solution market for three consecutive years during the Track Record Period.

We focus on three key business areas, namely, technology solutions for banks, technology solutions for non-bank institutions, and innovative operation services. Our deep understanding of the unique requirements of financial institutions, combined with the integrated strengths of our product lines, enables us to pursue cross-sector development opportunities in various business scenarios and expand our business reach through effective cross-selling and ecosystem collaboration.

During the Track Record Period, we generated revenue primarily from (i) technology solutions for banks; (ii) technology solutions for non-bank institutions and (iii) innovative operation services. During the Track Record Period, our revenue amounted to RMB4,281.3 million, RMB5,199.1 million and RMB3,954.2 million in 2022, 2023 and 2024, respectively. Our gross profit was RMB1,118.7 million, RMB1,335.1 million and RMB1,140.2 million in 2022, 2023 and 2024, respectively, representing a gross margin of 26.1%, 25.7% and 28.8% in each respective period.

BASIS OF PREPARATION AND PRESENTATION

Our historical financial information has been prepared in accordance with the International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**"). The historical financial information has been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are carried at fair value.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operation have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside our control, including the following:

Our Ability to Leverage Economic and Industry Trends in China

Our business and results of operations are affected by general factors affecting the industries we operate in. Such general factors include China's overall economic situation, promotion of self-reliance and controllability in finance industry, digital transformation of financial institutions, and changes in financial regulatory policies and customer demand. In addition, our business and results of operations are also affected by government policies and regulations applicable to our industries. For example, China's RegTech development has entered a phase of comprehensive strengthening, characterized by functional regulation and penetrative oversight. This enhanced regulatory framework reduces compliance costs and improves operational efficiency for product-oriented technology solution providers, while simultaneously creating a safer environment for product-oriented technology solution providers that encourages innovation within regulatory boundaries and supports the compliant development of new solutions. We expect the regulatory frameworks governing the finance industry and data privacy to continue to evolve in the future.

Our Ability to Maintain and Deepen Our Customer Engagements

Our growth depends on our ability to expand and deepen customer engagement. According to the CIC Report, we ranked first position in terms of accumulatively served customer numbers from 2022 to 2024 among listed PRC companies in banking fintech solution market. As our market awareness increased and product portfolio expanded, we optimized our customer development strategy from primarily expanding customer base to focusing on deepening our customer engagement in recent years. In 2022, 2023, and 2024, our five largest customers accounted for 45.3%, 44.5%, and 42.3% of our total revenue, respectively. On the other hand, we also place great importance on cooperation with customers that have limited asset scales but focus on business innovation, which involves a comprehensive reimagining of products, services, distribution channels and operational models, building upon existing business foundations. These customers often have certain business characteristics, significant room for improvement, and can achieve substantial growth through our technology solutions and innovative operation services. Our capacities to further our innovative operation services that maintain a relatively higher gross margin may become a new driver for our operation results.

Our Ability to Manage Our Costs and Improve Operational Efficiency

Our profitability depends in part on our ability to manage and optimise our operating expenses. Our ability to deepen our customer engagement, while at the same time improving our operational efficiency, is important for our overall results of operations. Our research and development expenses accounted for 11.7%, 10.9% and 10.9% of our revenue in 2022, 2023 and 2024, respectively. Our general and administrative expenses accounted for 6.0%, 6.2% and 8.1% of our revenue in 2022, 2023 and 2024, respectively. Our selling expenses accounted for 3.3%, 3.1% and 3.1% of our revenue in 2022, 2023 and 2024, respectively. We expect to continue and explore initiatives to improve our operational efficiency.

Our Ability to Expand into Overseas Markets

We have been actively exploring opportunities in overseas markets to replicate our success in China. From 2019, we took robust initiatives to procure overseas customers from several countries and regions. The revenue contributed by our international business was RMB10.7 million, RMB12.0 million and RMB9.1 million in 2022, 2023 and 2024, respectively. In the future, we expect to accelerate global expansion through local market promotion, products localization and solutions delivery enhancement, and products and services upgrade. We believe that our ability to expand into overseas market can lead to increased revenue and profits by accessing new customer bases and diversifying income sources. It can also enhance our Company's brand recognition and competitiveness on a global scale, bringing about more business opportunities and potential for growth.

MATERIAL ACCOUNTING POLICIES, SIGNIFICANT JUDGMENTS 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 historical 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 used in the preparation of our financial statements. Other material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial position and results of operations, are set forth in details in Notes 2 and 4 to the Accountants' Report in Appendix I to this document.

Basis of Consolidation

Our consolidated financial statements incorporates the financial statements of our Company and our subsidiaries. Control is achieved when our Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Our Group reassesses whether or not we control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when our Group obtains control over the subsidiary and ceases when our Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date our Group gains control until the date when our Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of our Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of our Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with our Group's accounting policies.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Non-controlling interests in subsidiaries are presented separately from our Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Revenue Recognition

Our Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods underlying the particular performance obligation is transferred to the customer. Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- provides all of the benefits received and consumed simultaneously by the customer;

- creates and enhances an asset that the customer controls as our Group performs; or

- does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

In determining whether revenue of our Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether our Group is acting as the principal or agent in offering goods or services to the customer, our Group needs to first identify who controls the specified goods or services before they are transferred to the customer. Our Group follows the accounting guidance for principal-agent considerations to assess whether our Group controls the specified goods or service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. Our management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstances.

At the inception of the contract, our Group assesses the goods promised that have been promised to the customer and identifies as a performance obligation when (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

(1) Customized software development services

Revenue generated from customized software development services which contains software development or upgrade services according to the requirements of customers, which is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied, generally upon the acceptance of the services. Intellectual property rights arising from customized software development services belong to the customers.

(2) Technical services

Our Group provides technical services to its customers. For technical services, our Group provides professional and technical personnel to implement on-site or off-site technology development or troubleshooting service. The revenue generated from technical services is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied, generally upon the acceptance of the services.

(3) Maintenance services

Our Group provide maintenance services to its customers. The revenue generated from maintenance services is recognized over time based on the maintenance service period.

(4) Sales of software and hardware products

Revenue generated from sales of software and hardware products is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied, generally upon the acceptance of the products.

(5) Products integration and related services

Revenue generated from the products integration is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied, generally upon the acceptance of the products.

Revenue generated from the subsequent maintenance services is recognized over time during the service periods.

(6) Operating services

Revenue generated from operating services which mainly contains the daily operating service, software updates and maintenance services provided by our Group through the software platform or devices controlled by our Group during the contractual term. The revenue is recognized over time as the customers simultaneously receive and consume the benefits. For service that are provided on a consumption basis, revenue is recognized based on the customer utilization of the resources at fixed rate.

Contract fulfilment costs

Contract fulfilment costs are the costs to fulfil a contract with a customer which are not capitalized as inventory, property, plant and equipment or intangible assets.

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labor, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Contract fulfilment costs are stated at cost less accumulated amortization and impairment losses. Impairment losses are recognized to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Amortization of contract fulfilment costs is charged to profit or loss when the revenue to which the asset relates is recognized.

Contract assets and liabilities

A contract asset represents our Group's right to consideration in exchange for goods or services that our Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents our Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents our Group's obligation to transfer goods or services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Other than construction in progress, depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimate useful lives as follows:

Buildings	20-40 years
Vehicles	5-10 years
Electronic equipment	3-5 years
Office equipment and others	3-5 years
Leasehold improvements	shorter of the term of the lease or the estimated useful lives of the assets

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other (losses)/gains, net" in the consolidated statements of profit or loss and other comprehensive income.

Construction in progress represents unfinished construction under construction, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

Right-of-Use Asset

The right-of-use asset is recognized at cost and would comprise: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Our Group measures the right-of-use assets applying a cost model. Under the cost model, our Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application over the shorter of the remaining lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Financial Instrument

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification

Our Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on our Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether our Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

Our Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which our Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and our Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, our Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment

Our Group performs impairment assessment under ECL model on financial assets which are measured at amortized cost and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12- month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on our Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Our Group always recognizes lifetime ECL for trade receivables and contract assets. The ECL on these assets is assessed collectively or individually.

For all other instruments, our Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case our Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Trade Receivables

Trade receivables are amounts due from customers for the products and services rendered in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. Our Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

MAJOR COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth selected consolidated statement of profit or loss for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this document. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue	4,281,252	5,199,081	3,954,210
Cost of sales	(3,162,593)	(3,863,962)	(2,814,021)
Gross profit	**1,118,659**	**1,335,119**	**1,140,189**
Other income	47,768	33,482	49,783
Share of profits of associates	34,519	27,014	51,247
Share of losses of joint venture	(1,397)	(5,270)	(3,280)
Other (losses)/gains, net	(18,145)	309	(8,714)
Impairment losses	(18,510)	(26,526)	(14,602)
Selling expenses	(140,475)	(161,194)	(123,785)
General and administrative expenses	(258,920)	(324,499)	(319,147)
Research and development expenses	(500,096)	(568,269)	(429,993)
Operating profit	**263,403**	**310,166**	**341,698**
Finance income	12,540	26,761	50,549
Finance costs	(9,566)	(9,393)	(1,410)
Profit before income tax	**266,377**	**327,534**	**390,837**
Income tax expense	(13,277)	2,623	(6,521)
Profit for the year	**253,100**	**330,157**	**384,316**
Attributable to:			
The equity holders of the Company	252,976	325,720	379,853
Non-controlling interests	124	4,437	4,463

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use certain non-IFRS measures, namely, EBITDA (non-IFRS measure) and EBITDA margin (non-IFRS measure), as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS.

We believe that these non-IFRS measures facilitate comparisons of our operating performance by eliminating potential impacts of certain items listed below. We also believe that such non-IFRS measures present useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles our non-IFRS profit for the year and non-IFRS EBITDA presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	253,100	330,157	384,316
Add:			
Depreciation and amortization[Note]	34,993	35,823	34,629
Finance costs, net	(2,974)	(17,368)	(49,139)
Income tax expense	13,277	(2,623)	6,521
EBITDA (non-IFRS measure)	**298,396**	**345,989**	**376,327**

Note: Depreciation and amortization include only the portion recognized in the consolidated statements of profit or loss and other comprehensive income for the year and exclude depreciation and amortization included in the cost of ending contract fulfillment costs.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we generated revenue primarily from (i) technology solutions for banks; (ii) technology solutions for non-bank institutions; and (iii) innovative operation services. The following table sets forth a breakdown of our revenue in absolute amounts for the years indicated:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Technology solutions for banks	3,754,940	4,663,502	3,461,278
Technology solutions for non-bank institutions	361,586	378,314	370,835
Innovative operation services	164,726	157,265	122,097
Revenue	**4,281,252**	**5,199,081**	**3,954,210**

Our technology solutions for banks primarily include our product portfolios provided to various kinds of banks. During the Track Record Period, revenues generated from technology solutions for banks increased by 24.2% from RMB3,754.9 million in 2022 to RMB4,663.5 million in 2023, and decreased by 25.8% to RMB3,461.3 million in 2024. Such fluctuations were primarily due to a significant order under the technology solutions for banks that recognized revenue in 2023.

Our customers under the technology solutions for non-bank institutions primarily include various institutions other than banks, including insurance companies, securities companies, consumer finance companies and automobile finance companies. During the Track Record Period, revenue generated from technology solutions for non-bank institutions increased by 4.6% from RMB361.6 million in 2022 to RMB378.3 million in 2023, and decreased by 2.0% to RMB370.8 million in 2024.

Our innovative operation services were commenced in 2019 with a remarkable average gross profit margin of over 75.0% during the Track Record Period, which primarily include services to operate online loan platforms for clients such as city commercial banks and consumer finance companies. During the Track Record Period, revenue generated from innovative operation services decreased by 4.5% from RMB164.7 million in 2022 to RMB157.3 million in 2023, and decreased by 22.4% to RMB122.1 million in 2024.

During the Track Record Period, our business operated in both the domestic and global market, with a substantial portion of revenues generated from our PRC market. The following table sets forth a breakdown of our revenue by geographical area, in absolute amounts for the periods indicated:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Northern China	2,202,902	3,413,725	2,379,159
East China	1,134,416	836,496	887,033
South China	472,316	525,017	343,615
Central China	261,355	196,698	137,361
Northeast China	87,911	76,953	96,479
Southwest China	73,112	49,478	55,583
Northwest China	38,522	88,669	45,929
Overseas	10,718	12,045	9,051
Revenue	**4,281,252**	**5,199,081**	**3,954,210**

Cost of Sales

Our cost of sales primarily consists of (i) employee benefits expenses; (ii) software and hardware products purchased; and (iii) external procurement costs.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as percentages of our total cost of sales for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses[(1)]	2,164,497	68.4	2,203,908	57.0	1,954,492	69.5
Software and hardware products purchased[(2)]	881,384	27.9	1,537,783	39.8	778,720	27.6
External procurement costs[(3)]	40,976	1.3	76,545	2.0	46,680	1.7
Project implementation costs	33,871	1.1	29,861	0.8	25,473	0.9
Provision for inventories and contract fulfillment costs	36,311	1.1	11,453	0.3	5,775	0.2
Depreciation and amortization	5,553	0.2	4,412	0.1	2,881	0.1
Cost of sales	**3,162,593**	**100.0**	**3,863,962**	**100.0**	**2,814,021**	**100.0**

Notes:

(1) mainly include (i) wages, salaries and bonuses; (ii) pension obligations, housing funds, medical insurances and other social insurances; and (iii) other employee benefit expenses.

(2) refer to costs mainly incurred for integration business.

(3) refer to costs incurred for software development services and innovative operation services.

Gross Profit and Gross Profit Margin

Primarily attributed to the foregoing, in 2022, 2023 and 2024, our gross profit was RMB1,118.7 million, RMB1,335.1 million and RMB1,140.2 million, respectively, and our gross profit margin was 26.1%, 25.7% and 28.8%, respectively.

The following table sets forth a breakdown of our gross profit (GP) and gross profit margin (GP margin) by operating segment for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	GP	GP Margin	GP	GP Margin	GP	GP Margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Technology solutions for banks	856,269	22.8	1,076,947	23.1	966,243	27.9
Technology solutions for non-bank institutions	121,188	33.5	125,871	33.3	91,548	24.7
Innovative operation services	141,202	85.7	132,301	84.1	82,398	67.5
GP and GP margin	**1,118,659**	**26.1**	**1,335,119**	**25.7**	**1,140,189**	**28.8**

Selling Expenses

Our selling expenses primarily consist of (i) employee benefits expenses; and (ii) business entertainment expenses. In 2022, 2023 and 2024, our selling expenses amounted to RMB140.5 million, RMB161.2 million and RMB123.8 million, respectively, accounting for 3.3%, 3.1% and 3.1% of our total revenue in each respective period.

The following table sets forth a breakdown for our selling expenses in absolute amounts and as percentages of our selling expenses for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Employee benefits expenses[1]	91,457	65.1	101,087	62.7	92,383	74.6
Business entertainment expenses	33,634	24.0	43,281	26.8	20,178	16.3
Bidding expenses	5,970	4.3	6,037	3.7	5,540	4.5
Traveling expenses	1,042	0.7	2,370	1.5	1,984	1.6
Office expenses	1,315	0.9	1,214	0.8	979	0.8
Others[2]	7,057	5.0	7,205	4.5	2,721	2.2
Selling expenses	**140,475**	**100.0**	**161,194**	**100.0**	**123,785**	**100.0**

Notes:

(1) mainly include (i) wages, salaries and bonuses; (ii) share-based compensation expenses, (iii) pension obligations, housing funds, medical insurances and other social insurances; and (iv) other employee benefit expenses.

(2) mainly include conference expenses, agency expenses, depreciation and amortization.

General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) employee benefits expenses; (ii) depreciation and amortization; and (iii) other tax expenses. In 2022, 2023 and 2024, our general and administrative expenses amounted to RMB258.9 million, RMB324.5 million and RMB319.1 million, respectively, accounting for 6.0%, 6.2% and 8.1% of our total revenue in each respective year.

The following table sets forth a breakdown of our general and administrative expenses in absolute amounts and as percentages of our general and administrative expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses[1]	176,992	68.4	225,807	69.7	222,546	69.7
Depreciation and amortization	19,163	7.4	21,846	6.7	28,712	9.0
Other tax expenses	18,945	7.3	23,815	7.3	22,963	7.2
Employee training expenses	7,840	3.0	8,180	2.5	7,171	2.2
Property-related expenses include short-term lease expenses	5,931	2.3	8,853	2.7	9,539	3.0
Business entertainment expenses	6,428	2.5	11,700	3.6	6,429	2.0
Traveling expenses	4,258	1.6	6,047	1.9	5,724	1.8
Office expenses	5,445	2.1	5,535	1.7	5,341	1.7
Others[2]	13,918	5.4	12,716	3.9	10,722	3.4
General and administrative expenses	**258,920**	**100.0**	**324,499**	**100.0**	**319,147**	**100.0**

Notes:

(1) mainly include (i) wages, salaries and bonuses; (ii) share-based compensation expenses; (iii) pension obligations, housing funds, medical insurances and other social insurances; and (iv) other employee benefit expenses.

(2) mainly include agency expenses and recruitment expenses.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefits expenses, (ii) office expenses, and (iii) traveling expenses. In 2022, 2023 and 2024, our research and development expenses were RMB500.1 million, RMB568.3 million and RMB430.0 million, respectively, accounting for 11.7%, 10.9% and 10.9% of our total revenue in each respective period.

The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of our research and development expenses for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses[1]	454,481	90.9	529,093	93.1	401,942	93.5
Office expenses	10,898	2.2	13,841	2.4	13,140	3.1
Traveling expenses	4,581	0.9	6,511	1.1	5,801	1.3
Depreciation and amortization	10,146	2.0	9,379	1.7	2,981	0.7
Property-related expenses include short-term lease expenses	2,470	0.5	2,125	0.4	2,662	0.6
Business entertainment expenses	641	0.1	699	0.1	504	0.1
Others[2]	16,879	3.4	6.621	1.2	2,963	0.7
Research and development expenses	**500,096**	**100.0**	**568,269**	**100.0**	**429,993**	**100.0**

Notes:

(1) mainly include (i) wages, salaries and bonuses; (ii) share-based compensation expenses; (iii) pension obligations, housing funds, medical insurances and other social insurances; and (iv) other employee benefit expenses.

(2) mainly include agency expenses and service fee.

Finance Income

Our finance income mainly consist of interest income from financial assets held for cash management purposes. In 2022, 2023 and 2024, our finance income were RMB12.5 million, RMB26.8 million and RMB50.5 million, respectively.

The following table sets forth a breakdown of our finance income in absolute amounts for the periods indicated:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest income from amount due from an associate	–	15	843
Interest income from financial assets held for cash management purposes	12,540	26,746	49,706
Finance income	**12,540**	**26,761**	**50,549**

Finance Cost

Our finance cost mainly consist of (i) interest expense on bank borrowings, (ii) interest expenses on restricted shares repurchase obligation payments and (iii) interest expenses on lease liabilities. In 2022, 2023 and 2024, our finance costs were RMB9.6 million, RMB9.4 million and RMB1.4 million, respectively.

The following table sets forth a breakdown of our finance cost in absolute amounts for the periods indicated:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest expenses on bank borrowings	(4,493)	(8,294)	(261)
Interest expenses on restricted shares repurchase obligation payments	(3,855)	(444)	–
Interest expenses on lease liabilities	(1,218)	(655)	(1,149)
Finance cost	**(9,566)**	**(9,393)**	**(1,410)**

Income Tax (Expense)/Benefit

We are subject to income tax on an entity basis on profits arising in or derived from PRC. Pursuant to the Enterprise Income Tax Law of the PRC and the relevant laws and regulations, companies operating in mainland China are subject to income tax at a rate of 25% on the taxable income. During the Track Record Period, our Company and some of the subsidiaries of our Group were accredited as "High and New Technology Enterprise" and therefore were entitled to a preferential income tax rate of 15%. Such qualifications are subject to review by the relevant tax authority in the PRC for every three years. For the years ended 31 December 2022, 2023 and 2024, several our subsidiaries located in PRC were qualified as small and micro-sized enterprises, which were subject to the effective corporate income tax rate of 2.5% to 5%.

In 2022, 2023 and 2024, we have recorded income tax expense of RMB13.3 million, income tax benefit of RMB2.6 million and income tax expense of RMB6.5 million, respectively. We have paid all relevant taxes in accordance with tax regulations and do not have any disputes or unresolved tax issues with the relevant tax authorities. Based on the compliance confirmations issued by the relevant tax authorities in the PRC in respect of our Group's operating subsidiaries, our PRC Legal Advisors are of the view that each of our PRC operating subsidiaries has completed the necessary tax registrations and none of our PRC operating subsidiaries was subject to administrative penalties imposed by the relevant tax authorities due to serious violations of the tax laws and regulations during the Track Record Period. Our PRC subsidiaries have filed tax filing in accordance with the relevant laws and regulations during the Track Record Period and up to the Latest Practicable Date. Our Company confirms that our Group was not subject to any material tax investigation, penalties or surcharges up to the Latest Practicable Date.

The following table sets forth a breakdown of our income tax (expense)/benefit in absolute amounts for the periods indicated:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current tax	11,211	1,309	892
Deferred tax	2,066	(3,932)	5,629
Total	**13,277**	**(2,623)**	**6,521**

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared With the Year Ended December 31, 2023

Revenue

Our total revenue decreased by 23.9% from RMB5,199.1 million in 2023 to RMB3,954.2 million in 2024, primarily due to a decrease in technology solutions for banks from RMB4,663.5 million to RMB3,461.3 million in the respective years, which in turn was resulted from (i) the high base in 2023 driven by large purchase order under our integration business; and (ii) our strategy to optimize projects focusing on large-size and high-value ones with higher gross profit margin.

Revenue by Geographic Location

Our revenue from customers in PRC contributed to a substantial portion of our total revenue, and decreased by 23.9% from RMB5,187.0 million in 2023 to RMB3,945.2 million in 2024. The decrease was primarily due to a substantial decrease in revenue generated from Northern China from RMB3,413.7 million in 2023 to RMB2,379.2 million in 2024, which was mainly resulted from the decrease in integration business in Northern China.

Cost of Sales

Our cost of sales decreased by 27.2% from RMB3,864.0 million in 2023 to RMB2,814.0 million in 2024, primarily attributable to decrease in software and hardware products purchased from RMB1,537.8 million in 2023 to RMB778.7 million in 2024, which was mainly resulted from the significant decrease in integration business.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 14.6% from RMB1,335.1 million in 2023 to RMB1,140.2 million in 2024.

Our gross profit margin increased from 25.7% in 2023 to 28.8% in 2024, primarily due to (i) the significant decrease in integration business with a relatively lower gross profit margin; (ii) technology investment and advancement, including continuous investment in research and development, enhancing the standardization of products and services, improving implementation processes, and increasing development efficiency and quality; and (iii) our enhanced operational efficiency through focusing on projects with larger size and higher values and product management.

Other Income

Our net other income increased by 48.7% from RMB33.5 million in 2023 to RMB49.8 million in 2024, primarily attributable to increased government grants driven by satisfaction with relevant policy conditions.

Share of Profits of Associates

Our share of profits of associates increased by 89.7% from RMB27.0 million in 2023 to RMB51.2 million in 2024, primarily attributable to increased net profits generated by our associates.

Share of Losses of Joint Venture

Our share of losses of joint venture decreased by 37.8% from RMB5.3 million in 2023 to RMB3.3 million in 2024, primarily attributable to the disposal of joint venture in 2024, which reduced our exposure to its operational losses.

Other (Losses)/Gains, net

We recorded other gains of RMB0.3 million in 2023 and other losses of RMB8.7 million in 2024, respectively, which were primarily related to (i) losses of RMB6.1 million from the disposal of financial assets in 2024; and (ii) fair value losses of RMB1.8 million of financial assets at fair value through profit or loss.

Selling Expenses

Our selling expenses decreased by 23.2% from RMB161.2 million in 2023 to RMB123.8 million in 2024, which was in line with fluctuations of revenues generated in the respective years.

General and Administrative Expenses

Our general and administrative expenses decreased by 1.6% from RMB324.5 million in 2023 to RMB319.1 million in 2024, primarily attributable to decreases in business entertainment expenses from RMB11.7 million to RMB6.4 million.

Research and Development Expenses

Our research and development expenses decreased by 24.3% from RMB568.3 million in 2023 to RMB430.0 million in 2024, primarily attributable to a decrease in employee benefits expenses (primarily including wages, salaries and bonuses), as we adjusted our R&D resource allocation based on future R&D plans and business requirements.

Impairment Losses

Our impairment losses decreased by 45.0% from RMB26.5 million in 2023 to RMB14.6 million in 2024, primarily attributable to the enhanced efforts in collection, resulting in an improved collection situation and a decrease in trade receivables.

Finance Income

Our finance income increased by 88.9% from RMB26.8 million in 2023 to RMB50.5 million in 2024, primarily attributable to increase in interest income from financial assets held for cash management purposes from RMB26.7 million in 2023 to RMB49.7 million in 2024, resulting from the increased large-amount deposit certificates and fixed-term deposits.

Finance Costs

Our finance costs decreased by 85.0% from RMB9.4 million in 2023 to RMB1.4 million in 2024, primarily attributable to decreases in interest expenses on bank borrowings from RMB8.3 million to RMB0.3 million in the respective years, which was in line with the decreased bank borrowings in 2024.

Profit Before Income Tax

As a result of the foregoing, our profit before income tax increased from RMB327.5 million in 2023 to RMB390.8 million in 2024, primarily due to a decrease in expenses, an increase in investment income, and an increase in interest income.

Income Tax (Expense)/Benefit

We recognized income tax benefit of RMB2.6 million in 2023 and recognized income tax expense of RMB6.5 million in 2024, primarily due to the increase in profit before income tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 16.4% from RMB330.2 million in 2023 to RMB384.3 million in 2024.

Year Ended December 31, 2023 Compared With the Year Ended December 31, 2022

Revenue

Our total revenue increased by 21.4% from RMB4,281.3 million in 2022 to RMB5,199.1 million in 2023, primarily due to the increase in revenue generated from technology solutions for banks from RMB3,754.9 million to RMB4,463.5 million in the respective years, resulting from revenue recognized in 2023 driven by large purchase order under our integration business.

Revenue by Geographic Location

Our revenue from customers in PRC contributed to a substantial portion of our total revenue, and increased by 21.5% from RMB4,270.5 million in 2022 to RMB5,187.0 million in 2023. The increase was primarily due to a significant increase in integration business in Northern China.

Cost of Sales

Our cost of sales increased by 22.2% from RMB3,162.6 million in 2022 to RMB3,864.0 million in 2023, primarily attributable to the increase in software and hardware products purchased mainly for integration business from RMB881.4 million in 2022 to RMB1,537.8 million in 2023, which was in line with increase in revenue generated from such business.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 19.3% from RMB1,118.7 million in 2022 to RMB1,335.1 million in 2023. Our gross profit margin remained relatively stable at 26.1% in 2022 and 25.7% in 2023.

Other Income

Our other income decreased by 29.9% from RMB47.8 million in 2022 to RMB33.5 million in 2023, primarily attributable to a decrease in government grants received.

Share of Profits of Associates

Our share of profits of associates decreased by 21.7% from RMB34.5 million in 2022 to RMB27.0 million in 2023, primarily attributable to a decrease in the net profit of the associates.

Share of Losses of Joint Venture

Our share of losses of joint venture increased significantly by 277.2% from RMB1.4 million in 2022 to RMB5.3 million in 2023, primarily attributable to a decrease in the net profit of the joint venture.

Other (Losses)/Gains, net

We recorded other losses of RMB18.1 million in 2022 and other gains of RMB0.3 million in 2023, respectively, which were primarily related to (i) change in fair value of financial assets at FVTPL; and (ii) goodwill impairment loss related to one of our subsidiaries.

Selling Expenses

Our selling expenses increased by 14.7% from RMB140.5 million in 2022 to RMB161.2 million in 2023, which was in line with fluctuations of revenues generated in the respective years.

General and Administrative Expenses

Our general and administrative expenses increased by 25.3%, at RMB258.9 million in 2022 and RMB324.5 million in 2023, primarily due to the increases in (i) business entertainment expenses; and (ii) employee benefits expenses, primarily including share-based compensation expenses. For details of equity-settled share-based payment, see Note 43 of "Appendix I — Accountants' Report" to this document.

Research and Development Expenses

Our research and development expenses increased by 13.6% from RMB500.1 million in 2022 to RMB568.3 million in 2023, primarily attributable to increases in employee benefits expenses, primarily including (i) wages, salaries and bonuses; and (ii) share-based compensation expenses. For details of equity-settled share-based payment, see Note 43 of "Appendix I — Accountants' Report" to this document.

Impairment Losses

Our impairment losses increased by 43.3% from RMB18.5 million in 2022 to RMB26.5 million in 2023, primarily attributable to (i) increased impairment losses on accounts receivable due to longer aging of receivables; (ii) higher impairment losses on other receivables due to significant recoveries of other receivables in 2022 that led to reversal of the impairment losses; and (iii) increased impairment losses on contract assets in line with the increased contract assets.

Finance Income

Our finance income increased by 113.4% from RMB12.5 million in 2022 to RMB26.8 million in 2023, primarily attributable to increases in interest income from financial assets held for cash management purposes from RMB12.5 million to RMB26.7 million in the respective years, resulting from the increased large-amount deposit certificates and fix-term deposits.

Finance Costs

Our finance costs remained relatively stable with the amount of RMB9.6 million and RMB9.4 million in 2022 and 2023, respectively.

Profit Before Income Tax

As a result of the foregoing, our profit before income tax increased from RMB266.4 million in 2022 to RMB327.5 million in 2023.

Income Tax (Expense)/Benefit

We recognized income tax expense of RMB13.3 million in 2022 and recognized income tax benefit of RMB2.6 million in 2023, primarily due to the enhanced tax incentive policies in 2023.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 30.4% from RMB253.1 in 2022 to RMB330.2 million in 2023.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current assets	4,956,960	4,527,531	4,673,616
Non-current assets	862,591	1,038,754	1,151,554
Total assets	5,819,551	5,566,285	5,825,170
Current liabilities	1,960,279	1,407,843	1,490,998
Non-current liabilities	8,744	21,391	22,071
Total liabilities	1,969,023	1,429,234	1,513,069
Net current assets	2,996,681	3,119,688	3,182,618
Net assets	**3,850,528**	**4,137,051**	**4,312,101**
Share capital	710,678	704,057	704,057
Reserves	1,920,797	1,913,094	1,963,449
Treasury stock	(234,393)	(142,989)	(234,190)
Retained earning	1,437,796	1,635,863	1,841,296
Capital and reserves attributable to owners of the Company	3,834,878	4,110,025	4,274,612
Non-controlling interests	15,650	27,026	37,489
Total equity	**3,850,528**	**4,137,051**	**4,312,101**

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

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Inventories	274,718	154,420	41,449	101,589
Contract fulfillment costs	935,400	961,915	983,498	1,206,334
Trade receivables	1,285,114	1,166,790	785,590	800,950
Prepayments and other receivables	77,162	83,094	63,879	47,996
Contract assets	73,000	86,335	70,394	78,882
Financial assets at FVTPL	12,945	15,744	18,342	18,992
Restricted bank deposits	2,286	3,730	27,474	7,334
Cash and cash equivalents	2,282,260	2,034,281	2,682,327	1,955,457
Income tax recoverable	14,075	21,222	663	3,116
Total current assets	**4,956,960**	**4,527,531**	**4,673,616**	**4,220,650**
Contract liabilities	621,343	432,754	564,346	530,664
Trade and note payables	365,618	376,940	436,243	259,402
Other payables and accruals	656,911	585,221	472,001	356,925
Borrowings	295,819	–	11,000	7,000
Lease liabilities	15,550	12,871	7,328	6,892
Income tax payables	5,038	57	80	147
Total current liabilities	**1,960,279**	**1,407,843**	**1,490,998**	**1,161,030**
Net current assets	**2,996,681**	**3,119,688**	**3,182,618**	**3,059,620**

We had net assets position with a contentious increase from RMB3,850.5 million to RMB4,137.1 million and further to RMB4,312.1 million in 2022, 2023 and 2024, respectively, which was primarily attributable to current assets mainly comprising of cash and cash equivalents, trade receivables and contract fulfillment costs as well as non-current assets mainly comprising investment in associates and PPE, partially offset by current liabilities mainly comprising of contract liabilities, trade and note payables and other payables and accruals as well as non-current liabilities mainly comprising of lease liabilities in the respective years.

Our net current assets decreased from RMB3,182.6 million as of December 31, 2024 to RMB3,059.6 million as of April 30, 2025, which remained relatively stable and the slight decrease was primarily due to the purchase of property from our related party.

Assets

The following table sets forth a breakdown of our non-current assets and current assets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Inventories	274,718	154,420	41,449
Contract fulfillment costs	935,400	961,915	983,498
Trade receivables	1,285,114	1,166,790	785,590
Prepayments and other receivables	77,162	83,094	63,879
Contract assets	73,000	86,335	70,394
Financial assets at FVTPL	12,945	15,744	18,342
Restricted bank deposits	2,286	3,730	27,474
Cash and cash equivalents	2,282,260	2,034,281	2,682,327
Income tax recoverable	14,075	21,222	663
Total current assets	**4,956,960**	**4,527,531**	**4,673,616**
Property, plant and equipment	308,934	298,378	371,598
Investment properties	16,129	15,031	13,933
Intangible assets	3,822	8,432	9,557
Right-of-use assets	23,842	13,952	27,278
Goodwill	–	18,419	18,419
Investment in associates	454,257	570,089	580,869
Investment in joint venture	8,550	3,280	–
Contract assets	5,434	6,932	8,567
Prepayments and other receivables	–	7,874	16,275
Financial assets at FVTPL	9,337	45,322	51,942
Financial assets at fair value through other comprehensive income	4,726	19,701	27,470
Deferred tax assets	27,560	31,344	25,646
Total non-current assets	**862,591**	**1,038,754**	**1,151,554**

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB2,282.3 million to RMB2,034.3 million as of December 31, 2022 and 2023, respectively, primarily resulted from repayments of bank borrowings. Our cash and cash equivalents increased to RMB2,682.3 million as of December 31, 2024, primarily attributable to net cash generated from operating activities.

Trade Receivables

Trade receivables are amounts due for products sold or services provided in the ordinary course of business, which primarily consists of trade receivables from third party.

The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– the third party	1,356,310	1,260,107	875,719
– associates	36,871	37,844	37,065
– the related party	5,455	11,048	8,291
	1,398,636	1,308,999	921,075
Less: provision for impairment	(113,522)	(142,209)	(135,485)
Trade receivables, net	**1,285,114**	**1,166,790**	**785,590**

Our trade receivables decreased from RMB1,285.1 million to RMB1,166.8 million as of December 31, 2022 and 2023, respectively, and further decreased to RMB785.6 million as of December 31, 2024. These decreases were primarily attributable to our enhanced management of trade receivables and intensified collection efforts, which led to more recovery of trade receivables.

We seek to maintain strict control over our outstanding receivables, and overdue balances are reviewed regularly by us. In view of the sound collection history of trade receivables, we believe that there is no significant credit risk inherent in our outstanding trade receivable balances and the general provision made is sufficient.

The following table sets forth an aging analysis of our gross trade receivables based on revenue recognition date as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	1,088,155	905,137	567,273
1 to 2 years	192,786	230,498	160,885
2 to 3 years	43,483	75,777	99,616
3 to 4 years	42,931	38,141	46,518
4 to 5 years	13,975	30,812	25,184
Over 5 years	17,306	28,634	21,599
Trade receivables	**1,398,636**	**1,308,999**	**921,075**

The following table sets forth our trade receivables turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade receivables turnover days[(1)]	113	95	103

Note:

(1) The number of trade receivables turnover days is calculated using the average balance of trade receivables divided by total revenue for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade receivables is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

As of April 30, 2025, approximately RMB370.5 million, or 40.2% of our trade receivables as of December 31, 2024 had been settled.

Contract Fulfillment Costs

Our contract fulfillment costs primarily consist of the employee costs and software and hardware products purchased to be consumed in the process of service rendering related to the sales contracts.

The following table sets forth a breakdown of our contract fulfillment costs as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contract fulfilment costs	981,409	1,002,958	1,019,029
Less: provision	(46,009)	(41,043)	(35,531)
Contract fulfillment costs, net	**935,400**	**961,915**	**983,498**

Our contract fulfillment costs was RMB935.4 million, RMB961.9 million and RMB983.5 million as of December 31, 2022, 2023 and 2024, respectively, which remained relatively stable, and the slight increase during the Track Record Period was primarily attributable to the slight extended periods of completion or acceptance for certain projects.

Prepayments and Other Receivables

The non-current portion of our prepayments and other receivables primarily comprise of prepayments for acquisition of PPE. The current portion of our prepayments and other receivables primarily comprise of (i) prepayments made to the third-party suppliers and (ii) deposits.

The following table sets forth our prepayments and other receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for acquisition of PPE	–	7,874	16,275
Current			
Prepayments made to the third-party suppliers	48,558	9,774	36,371
Prepayments made to the related-party suppliers	759	–	624
Deposits[1]	24,487	19,383	18,553
Amount due from the employee	437	174	69
Amount due from associates	563	50,578	563
Amount due from the related parties	2,252	2,276	2,782
Amount due from the third parties	5	62	124
Amount due from the third parties for equity transfer	1,838	1,864	1,608
VAT and other tax recoverable	1,071	2,049	6,029
	79,970	86,160	66,723
Less: provision for impairment	(2,808)	(3,066)	(2,844)
Prepayments and other receivables, net	**77,162**	**83,094**	**63,879**

Note:

(1) mainly include bidding deposits, contract fulfillment deposits and lease deposits.

Our prepayments, deposits and other receivables increased from RMB77.2 million to RMB83.1 million as of December 31, 2022 and 2023, primarily attributable to an increase in amounts due from associates, resulting from shareholder deposits of RMB50.0 million into one of our associates, partially offset by the decrease in prepayments made to the third-party suppliers due to reduced prepayments for integration business. Our prepayments, deposits and other receivables decreased to RMB63.9 million as of December 31, 2024, primarily attributable to the withdrawal of the shareholder deposits of RMB50.0 million from one of our associates.

Inventories

Our inventories comprised of (i) good-in-transit, (ii) raw materials, (iii) work-in-progress and (iv) finished goods. The following table sets forth a breakdown for our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Good-in-transit[1]	274,718	151,107	38,173
Raw material	949	807	–
Work-in-progress	778	780	–
Finished goods	137	3,450	3,276
Less: provision	(1,864)	(1,724)	–
Inventories, net	**274,718**	**154,420**	**41,449**

Note:

(1) mainly include inventories in transit and inventories delivered but yet to be accepted.

Our inventories decreased from RMB274.7 million to RMB154.4 million and further decreased to RMB41.4 million as of December 31, 2022, 2023 and 2024, respectively, primarily attributable the decreases in stocks for our integration business at the end of the respective years.

The following table sets forth the turnover days of our inventories for the years indicated:

	Years ended December 31,		
	2022	2023	2024
Inventory turnover days[1]	139	114	144

Note:

(1) The number of inventories turnover days is calculated using the average balance of inventories and contract fulfilment costs divided by the cost of sales for the relevant year and multiplied by 365 days in the relevant year. Average balance of inventories and contract fulfilment costs is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

As of April 30, 2025, approximately RMB15.5 million, or 37.3% of our inventories as of December 31, 2024 had been sold or utilized.

Investment in Associates

Our investment in associates primarily consist of investment costs and surplus in associates. The following table sets forth a breakdown of our investment in associates as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000		*RMB'000*
As of the beginning of the year	355,238	454,257	570,089
Addition	68,500	86,724	–
Transfer from financial assets at FVTPL	–	9,281	–
Disposal	–	–	(12,634)
Provisions for impairment	–	–	(176)
Dividend received	(4,000)	(8,400)	(20,000)
Share of profits, other equity movements and other comprehensive income	34,519	28,227	43,590
Investment in associates	**454,257**	**570,089**	**580,869**

Our investment in associates increased from RMB454.3 million as of December 31, 2022 to RMB570.1 million as of December 31, 2023, primarily attributable to investments made into our associates in 2023. Our investment in associates further increased to RMB580.9 million as of December 31, 2024, primarily attributable to an increase in investment income from associates.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) construction in progress, (ii) buildings, and (iii) electronic equipment. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Construction in progress	210,907	211,115	292,033
Buildings	58,050	55,256	52,462
Electronic equipment	16,576	13,584	11,569
Leasehold improvements	15,930	11,745	8,897
Vehicles	5,247	4,888	4,581
Office equipment	2,224	1,790	2,056
Property, plant and equipment	**308,934**	**298,378**	**371,598**

Our property, plant and equipment remained relatively stable with an amount of RMB308.9 million and RMB298.4 million as of December 31, 2022 and 2023, respectively. Our property, plant and equipment increased by 24.5% from RMB298.4 million to RMB371.6 million as of December 31, 2023 and 2024, respectively, primarily attributable to new properties purchased in 2024. See "Business — Properties."

Financial Assets at Fair Value through Profit or Loss

Our current financial assets at fair value through profit or loss mainly include wealth management products and unlisted equity investment, and our non-current financial assets at fair value through profit or loss mainly include unlisted fund investments.

The following table sets forth a breakdown of current and non-current financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current financial assets at FVTPL			
– wealth management products	–	4,045	13,368
– unlisted equity investment.	12,945	11,699	4,974
	12,945	**15,744**	**18,342**
Non-current financial assets at FVTPL			
– unlisted fund investments	9,337	45,322	51,942
	9,337	**45,322**	**51,942**

Our current financial assets at fair value through profit or loss increased from RMB12.9 million to RMB15.7 million and further increased to RMB18.3 million as of December 31, 2022, 2023 and 2024, respectively, primarily due to increases in wealth management products.

Our non-current financial assets at fair value through profit or loss increased significantly from RMB9.3 million to RMB45.3 million and further increased to RMB51.9 million as of December 31, 2022 and 2023, respectively, primarily due to investments in funds in the respective years.

Right-of-use Assets

Our right-of-use assets consist of leasehold buildings. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Leasehold buildings	23,842	13,952	27,278
Right-of-use assets	**23,842**	**13,952**	**27,278**

Our right-of-use assets decreased from RMB23.8 million to RMB14.0 million as of December 31, 2022 and 2023, respectively, primarily attributable to a decrease in depreciation. Our right-of-use assets increased to RMB27.3 million as of December 31, 2024, primarily attributable to our new office leases. See "Business — Properties — Leased Properties."

Intangible Assets

Our intangible assets primarily consist of software and software copyright. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Software copyright	1,281	4,627	3,250
Software	2,412	3,698	2,654
Trademark	129	107	85
Development expenditure	–	–	3,568
Intangible assets	**3,822**	**8,432**	**9,557**

Our intangible assets increased from RMB3.8 million to RMB8.4 million as of December 31, 2022 and 2023, respectively, primarily attributable to the acquisition of a subsidiary, which led to an increase in intangible assets. Our intangible assets further increased to RMB9.6 million as of December 31, 2024, primarily attributable to the increase in development expenditure.

Liabilities

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

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	621,343	432,754	564,346
Trade and note payables	365,618	376,940	436,243
Other payables and accruals	656,911	585,221	472,001
Borrowings	295,819	–	11,000
Lease liabilities	15,550	12,871	7,328
Income tax payables	5,038	57	80
Total current liabilities	**1,960,279**	**1,407,843**	**1,490,998**
Lease liabilities	8,565	844	20,815
Deferred income	–	20,000	–
Deferred tax liabilities	179	547	1,256
Total non-current liabilities	**8,744**	**21,391**	**22,071**

Contract liabilities

Our contract liabilities were RMB621.3 million, RMB432.8 million and RMB564.3 million as of December 31, 2022, 2023 and 2024, respectively. During the Track Record Period, the increase in contract liabilities was primarily due to increase in cash collections in advance of fulfilling performance obligations for our software development business, while the reductions to the contract liability balance were primarily due to the recognition of revenues upon fulfillment of performance obligations.

Trade and Note Payables

Our trade and notes payables primarily represent payments to our suppliers. The trade payables are non-interest-bearing. The following table sets forth our trade and note payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– the third party	361,296	348,134	281,279
– the associates	3,675	4,170	3,016
– the related party	647	9,867	11,074
	365,618	362,171	295,369
Notes payables	–	14,769	140,874
Trade and note payables	**365,618**	**376,940**	**436,243**

Our trade and note payables increased from RMB365.6 million to RMB376.9 million and further increased to RMB436.2 million as of December 31, 2022, 2023 and 2024, respectively, primarily attributable to the increases in payables incurred from procurement for our integration business.

The following table sets forth an aging analysis of our trade payables based on the transactions date:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	322,482	304,115	146,707
1 to 2 years	18,170	24,983	101,265
2 to 3 years	5,843	10,478	18,259
Over 3 years	19,123	22,595	29,138
Trade and note payables	**365,618**	**362,171**	**295,369**

The following table sets forth our trade and note payables turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade and note payables turnover days(1)	35	35	53

Note:

(1) The number of trade and note payables turnover days is calculated using the average balance of trade and note payables divided by cost of sales for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade and note payables is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

Trade and note payables turnover days indicate the average time we take to make cash payments to suppliers. Our average trade and note payables turnover days remained stable of 35 days in 2022 and 2023, and increased to 53 days in 2024, which was in line with the increase in note payables as we adopted financial instruments to improve our capital efficiency.

As of April 30, 2025, approximately RMB213.4 million, or 48.9% of our trade payables as of December 31, 2024 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily comprise (i) payroll and welfare payables, (ii) other taxes payable; and (iii) restricted shares repurchase obligation payments. Amounts due to third parties and other payables are unsecured, interest-free and repayable on demand. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payables	443,862	421,038	344,581
Other taxes payable	101,289	97,307	83,337
Restricted shares repurchase obligation payments	80,701	34,860	19,383
Amount due to the third parties suppliers	14,244	13,348	13,066
Amount due to the related parties suppliers	4,796	5,888	2,240
Accruals	4,304	7,008	5,396
Equity transfer payments	2,868	2,868	2,868
Payable for acquisition of PPE	3,675	2,580	764
Deposits	212	212	53
Others	960	112	313
Other payables and accruals	**656,911**	**585,221**	**472,001**

Our other payables and accruals decreased by 10.9% from RMB656.9 million as of December 31, 2022 to RMB585.2 million as of December 31, 2023, primarily attributable to (i) a decrease of RMB45.8 million in restricted share repurchase obligation payments under the 2020 Restricted Share Incentive Scheme vested in 2023; and (ii) a decrease of RMB22.8 million in payroll and welfare payable due to the decrease in employee numbers.

Our other payables and accruals decreased by 19.3% from RMB585.2 million as of December 31, 2023 to RMB472.0 million as of December 31, 2024, primarily attributable to (i) a decrease of RMB76.5 million in payroll and welfare payable due to the decrease in employee numbers; (ii) a further decrease of RMB15.5 million in restricted share repurchase obligation payments under the 2023 Employee Stock Ownership Plan vested in 2024; and (iii) a decrease of RMB14.0 million in other taxes payables in line with our revenue generated in the corresponding years.

Borrowings Included in Current Liabilities

Our borrowings primarily comprise (i) pledged bank borrowings and (ii) credit bank borrowings. The following table sets forth a breakdown of our bank and other borrowings as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Pledged bank borrowings	295,819	–	5,000
Credit bank borrowings	–	–	6,000
Borrowings included in current liabilities	**295,819**	**–**	**11,000**

We recorded borrowings from banks with an amount of RMB295.8 million and RMB11.0 million as of December 31, 2022 and 2024, respectively, primarily used for our ordinary business operation. As of December 31, 2023, we did not record borrowings due to the repayment for borrowings in that year.

Lease Liabilities

We lease various buildings for operation, and lease liabilities represent the present value of outstanding lease payments under our lease agreements. During the Track Record Period, we entered into lease agreements with term typically running for an initial period of one to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. We recorded current lease liabilities of RMB15.6 million, RMB12.9 million and RMB7.3 million, respectively, as of December 31, 2022, 2023 and 2024, respectively, and non-current lease liabilities of RMB8.6 million, RMB0.8 million and RMB20.8 million as of the same dates respectively. In 2024, we entered into several new lease agreements with terms more than one year for our business operation, resulting a significant increase in our non-current lease liabilities in 2024. See Note 20 of "Appendix I — Accountants' Report" to this document.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operations and financing through placement. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations and the net [**REDACTED**] from the [**REDACTED**]. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

Cash Flow

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

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash generated from operations	207,303	459,936	959,137
Income tax paid	(32,240)	(13,377)	(18,353)
Net cash generated from operating activities	175,063	446,559	940,784
Net cash flows used in investing activities	(207,596)	(224,584)	(33,114)
Net cash generated from/(used in) financing activities	1,027,805	(473,138)	(260,377)
Cash and cash equivalents at the beginning of the year	1,278,801	2,282,260	2,034,281
Effect of foreign exchange rate changes, net	8,187	3,184	753
Cash and cash equivalents at the end of the year	**2,282,260**	**2,034,281**	**2,682,327**

We plan to enhance our cash flow position by intensifying our efforts to optimize our trade receivable and payable management. We also maintain dedicated internal personnel responsible for dynamically managing and monitoring our operating cash position to maintain our liquidity at a stable and sufficient level and ensure that our cash needs can be met timely and at reasonable costs. We believe that taking into account our cash and cash equivalents and other financial resources presently available to us, we have sufficient cash resources to meet liquidity and working capital needs. Our cash and cash equivalents consist primarily of bank deposits. As of December 31, 2022, 2023 and 2024, our cash and cash equivalents were RMB2,282.3 million, RMB2,034.3 million and RMB2,682.3 million, respectively.

Net Cash Generated from Operating Activities

Our cash from operating activities consists primarily of the sales of our product-driven technology solutions and cash received for our services. We recorded net operating cash inflows during the Track Record Period, primarily attributable to the profit before income tax in the corresponding years, as adjusted by non-cash and non-operating items and movements in working capital.

In 2024, our net cash generated from operating activities was RMB940.8 million, representing cash generated from operations of RMB959.1 million minus income tax paid of RMB18.4 million. Cash inflow was primarily attributable to our profit before income tax of RMB390.8 million in 2024, as adjusted by non-cash and non-operating items, and positive movements in working capital including decreases in (i) inventories and contract fulfillment costs of RMB87.2 million; (ii) trade receivables of RMB365.4 million; and (iii) contract assets of RMB15.6 million; and increase in (i) trade and notes payables of RMB45.9 million; and (ii) contract liabilities of RMB131.6 million.

In 2023, our net cash generated from operating activities was RMB446.6 million, representing cash generated from operations of RMB459.9 million minus income tax paid of RMB13.4 million. Cash inflow was primarily attributable to our profit before income tax of RMB327.5 million in 2023, as adjusted by non-cash and non-operating items, and positive movements in working capital including decreases in (i) inventories and contract fulfillment costs of RMB102.1 million; (ii) trade receivables of RMB89.6 million; and (iii) prepayments and other receivables of RMB36.7 million; and increase in (i) trade and notes payables of RMB2.5 million; and (ii) deferred income of RMB20 million.

In 2022, our net cash generated from operating activities was RMB175.1 million, representing cash generated from operations of RMB207.3 million minus income tax paid of RMB32.2 million. Cash inflow was primarily attributable to our profit before income tax of RMB266.4 million in 2022, as adjusted by non-cash and non-operating items, and negative movements in working capital including increases in (i) inventories and contract fulfillment costs of RMB102.7 million; (ii) trade receivables of RMB152.9 million; (iii) prepayments and other receivables of RMB29.9 million; and (iv) contract assets of RMB12.1 million; and decrease in contract liabilities of RMB46.7 million.

Net Cash Flows Used in Investing Activities

Our cash used in/generated from investing activities consists primarily of (i) investments in financial assets at FVTPL; (ii) purchase of PPE and (iii) proceeds from disposal of financial assets at FVTPL and financial assets at FVTOCI. We incurred net cash outflows in investing activities during the Track Record Period.

In 2024, our net cash used in investing activities was RMB33.1 million, primarily attributable to (i) investments in financial assets at FVTPL of RMB286.3 million; (ii) purchase of PPE, intangible assets and other non-current assets of RMB102.9 million, partially offset by (iii) proceeds from disposal of financial assets at FVTPL and financial assets at FVTOCI of RMB273.4 million; and (iv) repayment from an associate of RMB50.0 million.

In 2023, our net cash used in investing activities was RMB224.6 million, primarily attributable to (i) investment in associates of RMB85.0 million; (ii) investments in financial assets at FVTPL of RMB52.0 million; (iii) advance to an associate of RMB50.0 million; (iv) payment for acquisition of a subsidiary of RMB16.9 million; (v) purchase of PPE, intangible assets and other non-current assets of RMB16.1 million; (vi) investments in financial assets at FVTOCI of RMB15.4 million, partially offset by (vii) dividend received from associates of RMB8.4 million; and (viii) proceeds from disposal of financial assets at FVTPL and financial assets at FVTOCI of RMB2.1 million.

In 2022, our net cash used in investing activities was RMB207.6 million, primarily attributable to (i) investments in financial assets at FVTPL of RMB1,026.2 million; (ii) purchase of PPE, intangible assets and other non-current assets of RMB249.9 million; (iii) investments in associates of RMB68.5 million, partially offset by (iv) proceeds from disposal of financial assets at FVTPL and financial assets at FVTOCI of RMB1,124.8 million; and (v) refund of deposit to purchase of PPE of RMB10.0 million.

Net Cash Flows Generated from/(Used in) Financing Activities

Our cash generated from financing activities primarily consists of (i) proceeds from private placement of shares and (ii) proceeds from bank borrowings. Our cash used in financing activities primarily consists of (i) repayments of bank borrowings; (ii) repurchase of shares and (iii) dividends paid. During the Track Record Period, we recorded net cash inflow in financing activities in 2022, and incurred net cash outflows in financing activities in 2023 and 2024.

In 2024, our net cash used in financing activities was RMB260.4 million, primarily attributable to (i) repurchase of shares of RMB150.0 million; (ii) dividends paid of RMB137.4 million; (iii) repayments of bank borrowings of RMB97.8 million, partially offset by (iv) proceeds from bank borrowings of RMB108.8 million; and (v) proceeds from issuance of restricted shares of RMB30.1 million.

In 2023, our net cash used in financing activities was RMB473.1 million, primarily attributable to (i) repayments of bank borrowings of RMB1,254.3 million; (ii) dividends paid of RMB98.5 million; (iii) repurchase of restricted shares of RMB79.1 million; (iv) lease payments of RMB20.5 million, partially offset by (v) proceeds from bank borrowings of RMB946.0 million; and (vi) proceeds from issuance of restricted shares of RMB33.7 million.

In 2022, our net cash generated from financing activities was RMB1,027.8 million, primarily attributable to (i) proceeds from private placement of shares of RMB1,101.6 million; (ii) proceeds from bank borrowings of RMB616.3 million, partially offset by (iii) repayments of bank borrowings of RMB325.0 million; (iv) repurchase of shares of RMB157.5 million; and (v) dividends paid of RMB142.3 million.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Gross profit margin(1)	26.1%	25.7%	28.8%
Net margin(2)	5.9%	6.4%	9.7%
Gearing ratio(3)	33.8%	25.7%	26.0%
Current ratio(4)	252.9%	321.6%	313.5%
Quick ratio(5)	191.1%	242.3%	244.7%

Notes:

(1) Gross profit margin equals gross profit for the year divided by revenues for the respective year and multiplied by 100%.

(2) Net margin equals (loss)/profit divided by revenues for the period and multiplied by 100%.

(3) Gearing ratio equals total liabilities divided by total assets as of the end of the period and multiplied by 100%.

(4) Current ratio equals total current assets divided by total current liabilities for the respective year and multiplied by 100%.

(5) Quick ratio equals total current assets less inventories and contract fulfillment costs divided by total current liabilities for the respective year and multiplied by 100%.

INDEBTEDNESS

As of December 31, 2022, 2023 and 2024, our indebtedness included bank borrowings and lease liabilities. As of April 30, 2025, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB32.6 million. As of the same date, we had unutilized banking facilities of RMB2,583.1 million.

The table below sets forth the details of our indebtedness as of April 30, 2025:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)
Bank borrowing	295,819	–	11,000	7,000
Lease liabilities	24,115	13,715	28,143	25,649
Indebtedness	**319,934**	**13,715**	**39,143**	**32,649**

Bank Borrowing

As of April 30, 2025, we had bank borrowing of RMB7.0 million, mainly represents our borrowings from banks, with RMB1.0 million due in February 2026 and RMB6.0 million due in June 2025.

Lease Liabilities

As of April 30, 2025, our lease liabilities were RMB25.6 million, mainly representing lease of certain office properties from independent third parties and our related parties.

Except as disclosed above, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities as of April 30, 2025. Our Director confirm that there is no other material change in our indebtedness since April 30, 2025 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against us or any member of our Group that is likely to have a material and adverse effect on our business, financial condition and result of operations.

CAPITAL EXPENDITURES

Our capital expenditures in 2022, 2023 and 2024 were RMB249.9 million, RMB16.1 million and RMB102.9 million, respectively, with a substantial portion attributable to expenditures for purchase of property, plant and equipment.

Following the [**REDACTED**], we will continue to incur capital expenditures for the growth of our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings, and the net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

COMMITMENTS

As of 31 December 2022, 31 December 2023 and 31 December 2024, performance guarantees of approximately RMB10.9 million, RMB14.0 million and RMB30.9 million, respectively were given by the bank in favor of our Group's customers as security for the due performance of our Group under the contracts entered between our Group and their customers.

In February 2025, upon approval by the board of directors, we planned to purchase partial Yuxin Building which is rent by our Company at present from Zhuhai Yuchengxin Technologies Ltd, which is the related party of our Company.

See Note 37 of "Appendix I — Accountants' Report" to this document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not related parties. During the Track Record Period, our transactions with related parties consisted of sales of products to related parties and purchases from related parties. For details about our related party transactions during the Track Record Period, see note 38 of the Accountants' Report in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary course of business on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

Credit Risk

Our Group is exposed to credit risk in relation to its cash and cash equivalents, restricted bank deposits, trade receivables, contract assets and other receivables. The carrying amount of each class of the above assets represents our Group's maximum exposure to credit risk in relation to the corresponding class of assets.

Credit risk of cash and cash equivalents and restricted bank deposits

To manage this risk, our Group's subsidiaries only make transactions with state-owned banks or reputable commercial banks which are all high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The credit losses are assessed to be immaterial.

Credit risk of trade receivables and contract assets

Our Group applies the simplified approach in calculating ECLs for trade receivables and contract assets. A certain customer of our Group which has an outstanding trade receivable due to our Group with gross carrying amount of RMB50.8 million as of December 31, 2024 was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As of December 31, 2024, allowance for expected credit losses of RMB25.4 million was made on the trade receivables due from the customer.

For the remaining trade receivables and contract assets are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Credit risk of other receivables

Other receivables mainly comprise amount due from the employee, amount due from associates, amount due from the related parties, amount due from the third parties, deposits, and amount due from the third parties for equity transfer. The management of our Group makes individual assessment on the recoverability of amount due from the employee, amount due from associates, amount due from the related parties, amount due from the third parties, deposits, and amount due from the third parties for equity transfer based on historical settlement records and past experiences. Our Group measures credit risk using probability of default, exposure at default and loss given default.

For impairment on amount due from the employee, amount due from associates, amount due from the related parties, amount due from the third parties, deposits, and amount due from the third parties for equity transfer, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Other financial assets that are not credit-impaired on initial recognition are classified in 'Stage 1' and the expected credit losses are measured as 12-month expected credit losses. If a significant increase in credit risk of other financial asset has occurred since initial recognition, the financial asset is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to 'Stage 3' and the expected credit loss is measured as lifetime expected credit loss. Our management makes periodic collective assessments as well as individual assessment on these financial assets based on historical settlement records and past experience.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. Liquidity risk is centrally managed by the finance department of our Group. Our finance department ensures that our Group maintains sufficient funding to meet its debt obligations under reasonably foreseeable scenarios by monitoring cash balances, marketable securities, and rolling 12-month cash flow forecasts.

Market Risk

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Our Group's businesses are principally conducted in RMB, USD and other foreign currencies.

Our Group regularly monitors its foreign exchange risk to ensure there is no undue exposure to significant foreign exchange risk. Our Group continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks. Our Group may enter into forward foreign exchange contracts or currency swap contracts to hedge against exchange rate risks. For each year, our Group did not enter into any forward foreign exchange contracts or currency swap contracts.

As of December 31, 2022, 2023 and 2024, if the exchange rate of RMBagainst USD were higher/lower by 5%, the net profits of our Group would have been approximately RMB8.5 million, RMB8.5 million and RMB11.1 million lower/higher respectively.

Interest Rate Risk

Oue Group's interest rate risk primarily arises from borrowings, financial assets at FVTPL, cash and cash equivalents and restricted bank deposits. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. See Note 33 for details of the interest rates and terms of repayments of borrowings. During the Track Record Period and up to the Latest Practicable Date, our Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for each reporting period.

During the Track Record Period, our Group was not exposed to significant interest rate risk. Our Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate risk.

DIVIDEND

Our Company declared dividends of RMB98.0 million, RMB137.2 million and RMB178.7 million in respect of the financial years ended December 31, 2022, 2023 and 2024, respectively. We have paid the dividends declared in respect of the financial years ended December 31, 2022 and 2023. As of the Latest Practicable Date, we have paid the dividends declared in respect of the financial years ended December 31, 2024 to our mainland PRC shareholders in full. See Note 44 to the Accountant's Report in Appendix I to this document. After completion of the [**REDACTED**], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association and other corporate governance policies, our Board may declare dividends in the future after taking into account our results of operations, financial condition, capital requirements, Shareholders return plans and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders. Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See "Risk Factors — Risks Related to the [**REDACTED**] — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future." in this document.

[REDACTED] EXPENSE

[**REDACTED**] expenses consist of professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] expenses of approximately HK$[**REDACTED**] (based on the mid-point of the indicative [**REDACTED**] range, and assuming that the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] expenses to consist of approximately HK$[**REDACTED**] in [**REDACTED**] fees and HK$ [**REDACTED**] in non-[**REDACTED**] fees. Among of the total [**REDACTED**] expenses, approximately HK$[**REDACTED**] will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining HK$[**REDACTED**] million will be expensed in our consolidated statements of profit or loss and other comprehensive income. Our Directors do not expect such expenses to materially impact our results of operations in 2025. The estimate of [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, operating cash flows, available financing facilities, and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had retained earnings of RMB1,841.3 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For the calculation of the unaudited [**REDACTED**] adjusted net tangible asset value per Share attributed to our Shareholders, see "Appendix II — Unaudited [**REDACTED**] Financial Information".

FINANCIAL RISK MANAGEMENT

We are exposed to a variety of financial risks which comprise credit risk, liquidity risk and market risk. Our overall risk management programs focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. Our Directors manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Our financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for our shareholders. As our Directors consider that our exposure to financial risk is kept at a minimum level, we do not hold or issue any derivative financial instruments either for hedging or trading purposes. For details, see Note 3 to the Accountant's Report set out in Appendix I to this document.

NO MATERIAL ADVERSE CHANGE

Up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, 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 December 31, 2024 that would materially affect the information as set forth in the Accountants' Report included in Appendix I to this document.

DISCLOSURE UNDER THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, 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

See "Business — Our Business Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

The table below sets forth the estimated net [**REDACTED**] from the [**REDACTED**] which we will receive after deduction of [**REDACTED**] fees and commissions and estimated expenses payable by us in connection with the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range stated in this document)	HK$[**REDACTED**] million
Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the high end of the [**REDACTED**] range stated in this document)	HK$[**REDACTED**] million
Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the low end of the [**REDACTED**] range stated in this document)	HK$[**REDACTED**] million

We intend to use the net [**REDACTED**] as follows (based on the mid-point of the [**REDACTED**] range stated in this document):

(a) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to accelerate global expansion and enhance our international competitiveness, including:

(i) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for local market promotion:

Leveraging the trend for Chinese fintech companies "going global", we plan to capitalize on the advantages of our product-driven technology solutions to deliver innovative and cost-efficient products and services to the overseas markets. We expect to continually boost overseas sales, channel building, and the develop a centralized delivery center for our business expansion. This initiative aims to support our international partners in upgrading their technological infrastructure and accelerating their digital and intelligent transformation. In parallel, we will continue to deepen channel and product integration with local partners, with a particular focus on the Southeast Asian and Belt and Road markets, while also actively exploring opportunities in the Middle Eastern, African, and European markets.

(ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for products localization and solutions delivery enhancement:

We plan to develop region-specific financial solutions compliant with local regulatory standards, and build multilingual support and compliance systems.

(iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for products and services upgrade:

We plan to focus on research and development for innovative products such as cross-border clearing and payment ecosystem solutions, super mobile banking apps, next-generation digital banking core systems, and digital credit products to enhance our global fintech portfolio;

(b) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be dedicated to advancing research and the application of cutting-edge technologies such as AI, big data, cloud computing, and blockchain in financial technology, including:

(i) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to enhance AI capabilities and infrastructure:

We plan to advance research and development of AI technologies to build capabilities for the next-generation AI financial product. Such initiatives include:

i) research and development of modern AI application infrastructure to align with the new era of AI development paradigms;

ii) providing a flexible deployment platform that can adapt our products to different environments in a timely manner; and

iii) development of AI agents that can complete operations and solve problems like human experts, including:

- leveraging agent capabilities for dynamic planning and execution;
- employing small models to intelligently resolve discrete issues across diverse scenarios; and
- understanding and building knowledge systems that support decision-making and logical thinking;

(ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the development of intelligent products:

We plan to develop high-value fintech applications and integrated solutions and related all-in-one machines to elevate product intelligence and empower our financial institution clients;

Our goal is to reshape financial product paradigms in banking through AI -era product design philosophies. For example, our AI + Risk Management solution aims to transform fragmented data into actionable insights through advanced AI reasoning, providing end-to-end risk management. Our AI + Knowledge Base solution aims to empower AI system to enhance solution delivery capabilities by comprehending vast knowledge repositories.

(iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for development of data factor platform focused on data value realization and the cultivation of our industry ecosystem:

We plan to build a data factor platform, collaborate with data partners, research institutions, and industry stakeholders to drive technological convergence and ecosystem growth, and establish a commercialized data application framework. We will continue to strengthen partnerships in AI, financial cloud, big data, and blockchain to foster new business models;

(c) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for strategic cooperations and investments:

We plan to leverage local resources and further deepen our market penetration through joint venture cooperations, equity investments as well as mergers and acquisitions. Priority will be given to targets with advanced technologies, strong research and development capabilities, established market channels, premium client resources, and other targets or teams that are highly synergistic with our strategy enabling rapid growth and synergies through technical collaboration, strategic alliances, or mergers and acquisitions;

(d) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to establish new sales channels and upgrade our operational services to consolidate domestic market leadership and further enhance operational capabilities, including:

(i) approximately [**REDACTED**]% or HK$[**REDACTED**] million, will be used to expand channel networks and refine the sales system to build a scalable industry ecology;

(ii) approximately [**REDACTED**]% or HK$[**REDACTED**] million, will be used to upgrade operational management systems to improve project efficiency, business management, and responsiveness; and

(e) approximately [**REDACTED**]% or HK$[**REDACTED**] million, will be used for working capital and general corporate purposes.

The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the estimated [**REDACTED**] range.

To the extent our net [**REDACTED**] are either more or less than expected, we will increase or decrease the allocation of the net [**REDACTED**] to the above purposes on a pro rata basis.

If the [**REDACTED**] is fully exercised, our Company will receive additional net [**REDACTED**] of approximately HK$[**REDACTED**] million for [**REDACTED**] Shares to be allotted and [**REDACTED**] upon the full exercise of the [**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**] range, and after deducting the [**REDACTED**] fees and commissions payable by our Company. The additional amount raised will be applied to the above areas of use of [**REDACTED**] on pro rata basis.

If any part of our development plan does not [**REDACTED**] as planned for reasons such as changes in government policies that would render the development of any of our plans not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

To the extent that the net [**REDACTED**] from the [**REDACTED**] are not immediately required for the above purposes and to the extent permitted by the relevant law and regulations, we will only place the net [**REDACTED**] from the [**REDACTED**] in short-term interest-bearing accounts at licensed banks in Hong Kong or the PRC. We will make an appropriate announcement if there is any change to the above proposed use of [**REDACTED**] or if any amount of the [**REDACTED**] will be used for general corporate purpose.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

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[REDACTED]

The following is the text of a report set out on pages I-[1] to I-[100], received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of 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.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION
TO THE DIRECTORS OF YUSYS TECHNOLOGIES CO., LTD
AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND BNP PARIBAS SECURITIES (AISA) LIMITED

Introduction

We report on the historical financial information of Yusys Technologies Co., Ltd (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[5] to I-[100], which comprises the consolidated statements of financial position as of 31 December 2022, 31 December 2023 and 31 December 2024, and the statements of financial position of the Company as of 31 December 2022, 31 December 2023 and 31 December 2024, and 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 periods then ended (the "Track Record Period") and material accounting policy information and other explanatory information (together the "Historical Financial Information"). The Historical Financial Information set out on pages I-[5] to I-[100] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's financial position as of 31 December 2022, 31 December 2023 and 31 December 2024, the Group's financial position as of 31 December 2022, 31 December 2023 and 31 December 2024 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 44 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[BDO Limited]
Certified Public Accountants

[●]
Practising Certificate no. P[●]

Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of 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 Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with International Standards on Auditing issued by the IAASB ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	4,281,252	5,199,081	3,954,210
Cost of sales	*7*	(3,162,593)	(3,863,962)	(2,814,021)
Gross profit		1,118,659	1,335,119	1,140,189
Other income	*9*	47,768	33,482	49,783
Share of profits of associates		34,519	27,014	51,247
Share of losses of joint venture		(1,397)	(5,270)	(3,280)
Other (losses)/gains, net	*10*	(18,145)	309	(8,714)
Impairment losses	*11*	(18,510)	(26,526)	(14,602)
Selling expenses	*7*	(140,475)	(161,194)	(123,785)
General and administrative expenses	*7*	(258,920)	(324,499)	(319,147)
Research and development expenses	*7*	(500,096)	(568,269)	(429,993)
Operating profit		263,403	310,166	341,698
Finance income	*12*	12,540	26,761	50,549
Finance cost	*12*	(9,566)	(9,393)	(1,410)
Finance costs – net	*12*	2,974	17,368	49,139
Profit before income tax		266,377	327,534	390,837
Income tax expense	*13*	(13,277)	2,623	(6,521)
Profit for the year		253,100	330,157	384,316
Other comprehensive income for the year				
Items that may be reclassified subsequently to profit or loss, net of tax:				
Change in foreign currency translation of the financial statements of the subsidiaries of the Company		10,560	2,202	2,223
Items that will not be reclassified subsequently to profit or loss, net of tax:				
Share of other comprehensive income of an associate accounted for using the equity method		–	(561)	(3,357)
Fair value changes of financial assets at fair value through other comprehensive income		910	(2,482)	6,992

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Other comprehensive income/(loss) for the year, net of tax		11,470	(841)	5,858
Total comprehensive income for the year		264,570	329,316	390,174
Profit for the year attributable to:				
The equity holders of the Company		252,976	325,720	379,853
Non-controlling interests		124	4,437	4,463
		253,100	330,157	384,316
Total comprehensive profit for the year attributable to:				
The equity holders of the Company		264,446	324,879	385,711
Non-controlling interests		124	4,437	4,463
		264,570	329,316	390,174
Earnings per share attributable to the equity holders of the Company (in RMB)				
Basic earnings per share for profits attributable to the equity holders of the Company (in RMB)	*14*	0.37	0.47	0.55
Diluted earnings per share for profits attributable to the equity holders of the Company (in RMB)	*14*	0.37	0.47	0.55

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment ("PPE")	*18*	308,934	298,378	371,598
Investment properties	*19*	16,129	15,031	13,933
Intangible assets	*22*	3,822	8,432	9,557
Right-of-use assets	*20*	23,842	13,952	27,278
Goodwill	*21*	–	18,419	18,419
Investment in associates	*16*	454,257	570,089	580,869
Investment in joint venture	*17*	8,550	3,280	–
Contract assets	*30*	5,434	6,932	8,567
Prepayments and other receivables	*29*	–	7,874	16,275
Financial assets at fair value through profit or loss ("FVTPL")	*27*	9,337	45,322	51,942
Financial assets at fair value through other comprehensive income ("FVTOCI")	*28*	4,726	19,701	27,470
Deferred tax assets	*23*	27,560	31,344	25,646
Total non-current assets		862,591	1,038,754	1,151,554
Current assets				
Inventories	*24*	274,718	154,420	41,449
Contract fulfilment costs	*25*	935,400	961,915	983,498
Trade receivables	*31*	1,285,114	1,166,790	785,590
Prepayments and other receivables	*29*	77,162	83,094	63,879
Contract assets	*30*	73,000	86,335	70,394
Financial assets at FVTPL	*27*	12,945	15,744	18,342
Restricted bank deposits	*32*	2,286	3,730	27,474
Cash and cash equivalents	*32*	2,282,260	2,034,281	2,682,327
Income tax recoverable		14,075	21,222	663
Total current assets		4,956,960	4,527,531	4,673,616
Total assets		5,819,551	5,566,285	5,825,170

	Notes	As of 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Current liabilities				
Trade and note payables	34	365,618	376,940	436,243
Other payables and accruals	35	656,911	585,221	472,001
Contract liabilities	6	621,343	432,754	564,346
Borrowings	33	295,819	–	11,000
Lease liabilities	20	15,550	12,871	7,328
Income tax payables		5,038	57	80
Total current liabilities		1,960,279	1,407,843	1,490,998
Net current assets		2,996,681	3,119,688	3,182,618
Total assets less current liabilities		3,859,272	4,158,442	4,334,172
Non-current liabilities				
Lease liabilities	20	8,565	844	20,815
Deferred income		–	20,000	–
Deferred tax liabilities	23	179	547	1,256
Total non-current liabilities		8,744	21,391	22,071
Total liabilities		1,969,023	1,429,234	1,513,069
Net assets		3,850,528	4,137,051	4,312,101
Capital and reserves				
Share capital	40	710,678	704,057	704,057
Reserves	42	1,920,797	1,913,094	1,963,449
Treasury stock	41	(234,393)	(142,989)	(234,190)
Retained earnings		1,437,796	1,635,863	1,841,296
Capital and reserves attributable to the equity holders of the Company		3,834,878	4,110,025	4,274,612
Non-controlling interests		15,650	27,026	37,489
Total equity		3,850,528	4,137,051	4,312,101

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As of 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*18*	36,460	29,515	24,849
Intangible assets	*22*	2,443	3,765	6,372
Right-of-use assets	*20*	28,761	15,888	26,970
Investment in subsidiaries	*15*	706,028	751,046	800,337
Investment in associates	*16*	275,511	371,397	375,062
Investment in joint venture	*17*	8,550	3,280	–
Contract assets	*30*	5,397	5,975	7,495
Prepayments and other receivables	*29*	–	7,874	16,275
Financial assets at FVTPL	*27*	–	45,322	45,509
Financial assets at FVTOCI	*28*	4,726	19,701	27,470
Deferred tax assets	*23*	19,369	24,421	19,225
Total non-current assets		1,087,245	1,278,184	1,349,564
Current assets				
Inventories	*24*	271,531	57,108	36,298
Contract fulfilment costs	*25*	990,374	978,499	990,520
Trade receivables	*31*	1,255,417	1,000,591	705,394
Prepayments and other receivables	*29*	274,324	489,473	287,661
Contract assets	*30*	71,117	83,216	67,085
Restricted bank deposits	*32*	2,286	3,598	27,274
Cash and cash equivalents	*32*	1,840,320	1,390,020	2,072,058
Income tax recoverable		12,973	19,529	3
Total current assets		4,718,342	4,022,034	4,186,293
Total assets		5,805,587	5,300,218	5,535,857
Current liabilities				
Trade and note payables	*34*	616,410	396,846	447,900
Other payables and accruals	*35*	859,552	527,570	445,585
Contract liabilities	*6*	611,443	404,743	530,292
Lease liabilities	*20*	26,573	15,488	7,140
Total current liabilities		2,113,978	1,344,647	1,430,917
Net current assets		2,604,364	2,677,387	2,755,376
Total assets less current liabilities		3,691,609	3,955,571	4,104,940

		As of 31 December		
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*20*	9,816	607	20,766
Deferred income		–	20,000	–
Deferred tax liabilities	*23*	–	34	851
Total non-current liabilities		9,816	20,641	21,617
Total liabilities		2,123,794	1,365,288	1,452,534
Net assets		3,681,793	3,934,930	4,083,323
Capital and reserves				
Share capital	*40*	710,678	704,057	704,057
Reserves	*42*	1,972,773	1,962,657	2,010,789
Treasury stock	*41*	(234,393)	(142,989)	(234,190)
Retained earnings		1,232,735	1,411,205	1,602,667
Total equity		3,681,793	3,934,930	4,083,323

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company						
	Share capital	Treasury stock	Reserves	Retained earnings	Subtotal	Non-controlling interest	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2022	661,174	(165,704)	955,292	1,297,322	2,748,084	18,676	2,766,760
Comprehensive income							
Profit for the year	–	–	–	252,976	252,976	124	253,100
Other comprehensive income	–	–	11,470	–	11,470	–	11,470
Total comprehensive income for the year	–	–	11,470	252,976	264,446	124	264,570
Transactions with owners							
Capital contribution of non-public placement	50,452	–	1,046,363	–	1,096,815	–	1,096,815
Capital contribution of non-controlling interest	–	–	–	–	–	9,831	9,831
Share-based compensation expenses	–	–	(25,477)	–	(25,477)	(230)	(25,707)
Repurchase of shares	–	(157,474)	–	–	(157,474)	–	(157,474)
Exercise or lapse (repurchases and cancellation) of TYPE I restricted share incentive scheme	(948)	88,785	(10,385)	505	77,957	–	77,957
Transaction with non-controlling interests	–	–	(27,148)	–	(27,148)	(11,739)	(38,887)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	(38,176)	38,176	–	–	–
Profit appropriations to statutory reserve	–	–	8,858	(8,858)	–	–	–
Dividends	–	–	–	(142,325)	(142,325)	(1,012)	(143,337)
Total transactions with owners in their capacity as owners for the year	49,504	(68,689)	954,035	(112,502)	822,348	(3,150)	819,198
As of 31 December 2022	710,678	(234,393)	1,920,797	1,437,796	3,834,878	15,650	3,850,528

	Attributable to the equity holders of the Company						
	Share capital	Treasury stock	Reserves	Retained earnings	Subtotal	Non-controlling interest	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2023	710,678	(234,393)	1,920,797	1,437,796	3,834,878	15,650	3,850,528
Comprehensive income							
Profit for the year	–	–	–	325,720	325,720	4,437	330,157
Other comprehensive income	–	–	(841)	–	(841)	–	(841)
Total comprehensive income for the year	–	–	(841)	325,720	324,879	4,437	329,316
Transactions with owners							
Share-based compensation expenses	–	–	45,814	–	45,814	–	45,814
Exercise or lapse (repurchases and cancellation) of TYPE I restricted share incentive scheme	(6,621)	76,919	(72,680)	2,382	–	–	–
Granted of restricted shares	–	14,485	(14,485)	–	–	–	–
Deregistration of a subsidiary	–	–	210	–	210	–	210
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	2,103	(2,103)	–	–	–
Profit appropriations to statutory reserve	–	–	30,402	(30,402)	–	–	–
Dividends	–	–	–	(97,530)	(97,530)	–	(97,530)
Change of other reserve in an associate	–	–	1,774	–	1,774	–	1,774
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	6,939	6,939
Total transactions with owners in their capacity as owners for the year	(6,621)	91,404	(6,862)	(127,653)	(49,732)	6,939	(42,793)
As of 31 December 2023	704,057	(142,989)	1,913,094	1,635,863	4,110,025	27,026	4,137,051

	Attributable to the equity holders of the Company						
	Share capital	Treasury stock	Reserves	Retained earnings	Subtotal	Non-controlling interest	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2024	704,057	(142,989)	1,913,094	1,635,863	4,110,025	27,026	4,137,051
Comprehensive income							
Profit for the year	–	–	–	379,853	379,853	4,463	384,316
Other comprehensive income	–	–	5,858	–	5,858	–	5,858
Total comprehensive income for the year	–	–	5,858	379,853	385,711	4,463	390,174
Transactions with owners							
Capital contribution of non-controlling interest	–	–	–	–	–	6,000	6,000
Share-based compensation expenses	–	–	24,194	–	24,194	–	24,194
Repurchase of shares	–	(150,004)	–	–	(150,004)	–	(150,004)
Change of other reserve in an associate	–	–	(4,300)	–	(4,300)	–	(4,300)
Exercise or lapse of restricted shares	–	58,803	(11,985)	(415)	46,403	–	46,403
Profit appropriations to statutory reserve	–	–	36,588	(36,588)	–	–	–
Dividends	–	–	–	(137,417)	(137,417)	–	(137,417)
Total transactions with owners in their capacity as owners for the year	–	(91,201)	44,497	(174,420)	(221,124)	6,000	(215,124)
As of 31 December 2024	704,057	(234,190)	1,963,449	1,841,296	4,274,612	37,489	4,312,101

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax		266,377	327,534	390,837
Adjustments for:				
Impairment losses under expected credit losses ("ECL") model	*11*	18,510	26,526	14,602
Provision for inventories and contract fulfilment costs	*7*	36,311	11,453	5,775
Depreciation of PPE and investment properties	*7*	16,032	15,739	14,612
Impairment loss on investment in associates	*10*	–	–	176
Impairment loss for goodwill	*10*	9,405	–	–
Depreciation of right-of-use assets	*7*	17,430	16,852	17,342
Amortization of intangible assets	*7*	1,381	2,459	2,459
Loss on disposal of/written off PPE and right-of-use assets	*10*	217	376	280
Change in fair value of financial assets at FVTPL	*10*	14,655	(42)	1,765
Interest expenses on bank borrowings	*12*	4,493	8,294	261
Interest expenses on restricted shares repurchase obligation payments	*12*	3,855	444	–
Interest expenses on lease liabilities	*12*	1,218	655	1,149
Foreign currency exchange gain/(loss)		(679)	(841)	418
Share of profits of associates		(34,519)	(27,014)	(51,247)
Share of losses of joint venture		1,397	5,270	3,280
Gain/(loss) on disposal/derecognition of subsidiaries	*10*	(388)	210	–
Gain/(loss) on disposal of financial assets at FVTPL	*10*	(5,065)	(12)	6,075
Interest income from amount due from an associate	*12*	–	(15)	(843)
Transaction fee related to dividends paid		94	141	81
Share-based payment expenses	*8*	(25,694)	45,814	24,194
Operating cash flow before movements in working capital		325,030	433,843	431,216
(Increase)/decrease in inventories and contract fulfilment costs	*24, 25*	(102,702)	102,115	87,233
(Increase)/decrease in trade receivables	*31*	(152,928)	89,637	365,359

	Notes	Year ended 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
(Increase)/decrease in prepayments and other receivables	29	(29,867)	36,682	(10,298)
(Increase)/decrease in contract assets	30	(12,118)	(16,416)	15,616
Decrease/(increase) in restricted bank deposits	32	10,473	(1,444)	(23,744)
Increase/(decrease) in trade and notes payables	34	136,099	2,505	45,919
(Decrease)/increase in contract liabilities	6	(46,729)	(188,589)	131,592
Increase/(decrease) in other payables and accruals	35	80,045	(18,397)	(63,756)
Increase/(decrease) in deferred income		–	20,000	(20,000)
Cash generated from operations		207,303	459,936	959,137
Income taxes paid		(32,240)	(13,377)	(18,353)
Net cash generated from operating activities		175,063	446,559	940,784
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of subsidiaries		1,797	–	–
Proceeds from disposal of financial assets at FVTPL and financial assets at FVTOCI		1,124,754	2,137	273,384
Proceeds from disposal of investment in associates		5,388	–	12,634
Repayment from an associate		–	–	50,000
Advance to an associate		–	(50,000)	–
Dividend received from associates		4,000	8,400	20,000
Proceeds from disposal of PPE, intangible assets and other non-current assets		85	297	51
Refund of deposit to purchase of PPE		10,000	–	–
Purchase of PPE, intangible assets and other non-current assets		(249,933)	(16,136)	(102,861)
Investments in associates		(68,500)	(85,020)	–
Investments in joint venture		(5,000)	–	–
Investments in financial assets at FVTOCI		(4,000)	(15,396)	–
Investments in financial assets at FVTPL		(1,026,187)	(52,000)	(286,322)
Payment for acquisition of a subsidiary		–	(16,866)	–
Net cash used in investing activities		(207,596)	(224,584)	(33,114)

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from private placement of shares		1,101,591	–	–
Transaction fee for private placement of shares		(2,256)	–	–
Contribution from non-controlling interests		9,831	–	6,000
Proceeds from transaction with the non-controlling interests		4,000	–	–
Proceeds from issuance of restricted shares		–	33,714	30,079
Proceeds from disposal of restricted shares		–	–	1,117
Proceeds from bank borrowings		616,337	945,961	108,809
Repayments of bank borrowings		(325,000)	(1,254,300)	(97,809)
Interest paid on bank borrowings		(11)	(427)	(254)
Dividends paid		(142,325)	(98,457)	(137,417)
Dividends paid to non-controlling interests		(1,012)	–	–
Transaction fee related to dividends paid		(94)	(67)	(93)
Acquisition of non-controlling interests		(42,292)	–	–
Lease payments		(22,265)	(20,488)	(20,805)
Repurchase of restricted shares		(11,225)	(79,074)	–
Repurchase of shares		(157,474)	–	(150,004)
Net cash generated from/(used in) financing activities		1,027,805	(473,138)	(260,377)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		995,272	(251,163)	647,293
Cash and cash equivalents as of the beginning of the year		1,278,801	2,282,260	2,034,281
Effect of foreign exchange rate changes, net		8,187	3,184	753
CASH AND CASH EQUIVALENTS AS OF THE END OF THE YEAR		2,282,260	2,034,281	2,682,327

II NOTES TO HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Yusys Technologies Co., Ltd (the "Company") was incorporated in the People's Republic of China (the "PRC") on 16 June 1999 as a limited liability company and transformed into a joint stock limited company on 19 August 2015. The Company's registered office is located at R2223, 2/F, Building 3, No. 18 Keyuan Road, Economic Development Zone, Daxing District, Beijing, PRC and the principal place of business activities is located at 5-6/F, East, A2 Building, Electronic City R&D Center, No. 9 Jiuxianqiao East Road, Chaoyang District, Beijing PRC and Room 2601, 26/F, China World Tower A, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC.

In the opinion of the directors of the Company, the ultimate controlling shareholder of the Company is Hong Weidong and the intermediate holding company of the Company is Zhuhai Yuqin Hongtai Venture Capital Group Co., LTD (珠海宇琴鴻泰創業投資集團有限公司), a private limited company incorporated in the PRC.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in technology solutions for banks and non-bank institutions and innovative operation services.

The detailed information of major subsidiaries was disclosed in Note 15.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION

2.1 Basis of Preparation

The Historical Financial Information has been prepared based on the accounting policies set out in Note 2.2 which conform with all applicable IFRS Accounting Standards which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board ("IASB"). In addition, the Historical Financial Information also complies with the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the Historical Financial Information, the Group has adopted the accounting policies which conform with all applicable new and revised IFRS Accounting Standards that are effective during the Track Record Period, consistently throughout the Track Record Period, unless otherwise stated.

The consolidated financial statements of the Group for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. The consolidated financial statements of the Group for the years ended 31 December 2022, 2023 and 2024 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC, in accordance with the China Auditing Standards issued by China Auditing Standards Board.

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at FVTPL and financial assets at FVTOCI, which are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The Historical Financial Information has been prepared based on the consolidated financial statements of the Group. Inter-company transactions, balances and unrealized gains/losses on transactions between group companies are eliminated on consolidation.

New standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not effective for the Track Record Period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions except the new IFRS 18 as set out below.

The Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

New and amendments to IFRS Accounting Standards issued but not yet effective

Amendment to IAS 21	Lack of Exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual periods beginning on or after 1 January 2027

4 The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that the new and amended standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2.2 Material accounting policy information

2.2.1 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2.2.2 Investments in associates

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not to control or to have joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

When there is objective evidence that the investment in an associate is impaired, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

The Company's investments in associates are accounted for in the financial statements using the equity method.

2.2.3 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary attributable to the equity holders of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2.4 Business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as of acquisition date. If, after re-assessment, the net of the acquisition date amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

2.2.5 Revenue recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- provides all of the benefits received and consumed simultaneously by the customer;

- creates and enhances an asset that the customer controls as the Group performs; or

- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

In determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group needs to first identify who controls the specified goods or services before they are transferred to the customer. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified goods or service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstances.

At the inception of the contract, the Group assesses the goods promised that have been promised to the customer and identifies as a performance obligation when (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

(1) Customized software development services

Revenue generated from customized software development services which contains software development or upgrade services according to the requirements of customers, which is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied, generally upon the acceptance of the services. Intellectual property rights arising from customized software development services belong to the customers.

(2) Technical services

The Group provide technical services to its customers. For technical services, the Group provide professional and technical personnel to implement on-site or off-site technology development or troubleshooting service. The revenue generated from technical services is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied, generally upon the acceptance of the services.

(3) Maintenance services

The Group provide maintenance services to its customers. The revenue generated from maintenance services is recognized over time based on the maintenance service period.

(4) Sales of software and hardware products

Revenue generated from sales of software and hardware products is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied, generally upon the acceptance of the products.

(5) Products integration and related services

Revenue generated from the products integration is recognized at the point in time when the performance obligation under the terms of a contract with the customer is satisfied, generally upon the acceptance of the products.

Revenue generated from the subsequent maintenance services is recognized over time during the service periods.

(6) Operating services

Revenue generated from operating services which mainly contains the daily operating service, software updates and maintenance services provided by the Group through the software platform or devices controlled by the Group during the contractual term. The revenue is recognized over time as the customers simultaneously receive and consume the benefits. For service that are provided on a consumption basis, revenue is recognized based on the customer utilization of the resources at fixed rate.

Contract fulfilment costs

Contract fulfilment costs are the costs to fulfil a contract with a customer which are not capitalized as inventory (Note 2.2.19), property, plant and equipment (Note 2.2.12) or intangible assets (Note 2.2.15).

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labor, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Contract fulfilment costs are stated at cost less accumulated amortization and impairment losses. Impairment losses are recognized to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Amortization of contract fulfilment costs is charged to profit or loss when the revenue to which the asset relates is recognized.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 (see note 3.1). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

2.2.6 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire property, plant and equipment are recognized as deferred revenue in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2.2.7 Finance income

Interest income is presented as the finance income where it is mainly earned from financial assets held for cash management purposes, see Note 12 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.2.8 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and other allowances that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of each reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(b) Pension obligations

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

(c) Housing funds, medical insurances and other social insurances

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

2.2.9 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.2.10 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable the equity holders of the Company, and
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic profit per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.2.11 Foreign currency translation

(a) Functional and presentation currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income on a net basis within "Other (losses)/gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in OCI.

2.2.12 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Other than construction in progress, depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimate useful lives as follows:

Buildings	20-40 years
Vehicles	5-10 years
Electronic equipment	3-5 years
Office equipment and others	3-5 years
Leasehold improvements	shorter of the term of the lease or the estimated useful lives of the assets

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2.17).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other (losses)/gains, net" in the consolidated statements of profit or loss and other comprehensive income.

Construction in progress represents unfinished construction under construction, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

2.2.13 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

The estimated useful lives are as follows:

Buildings	20-40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2.17).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other (losses)/gains, net" in the consolidated statements of profit or loss and other comprehensive income.

2.2.14 Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognize right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months and leases of low-value assets. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statements of financial position.

Right-of-use asset

The right-of-use asset is recognized at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application over the shorter of the remaining lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is recognized at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as of commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.2.15 Intangible assets

(a) Software copyright, Software and Trademark

Acquired software copyright and software are initially capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Software copyright and software are stated at historical cost less accumulated amortization and impairment losses, if any.

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognized at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortization.

Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives. The Group amortizes software copyright, software and trademark with a limited useful life using the straight-line method over the following periods:

Software copyright	3-5 years
Software	3-5 years
Trademark	10 years

When determining the useful life, the management of the Group has taken into the account the (i) estimated period that can bring economic benefits to the Group; (ii) the useful life estimated by the comparable companies in the market.

(b) Research and development ("R&D")

The Group incurs significant costs and efforts on research and development activities. Research expenditure is recognized as an expense as incurred. Costs incurred on research and development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for use or sale;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset.

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred and development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period.

2.2.16 Goodwill

Goodwill is measured as described in Note 2.2.4. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

2.2.17 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.2.18 Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in "Finance income" using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "Other (losses)/gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Other (losses)/gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other (losses)/gains, net" and impairment expenses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.

- FVTPL: Assets that do not meet the criteria for amortized cost or financial assets at FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in "Other (losses)/gains, net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in "Other (losses)/gains, net" in the consolidated statements of profit or loss and other comprehensive income as applicable.

(d) Impairment

The Group performs impairment assessment under ECL model on financial assets which are measured at amortized cost and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and contract assets. The ECL on these assets is assessed collectively or individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as of each reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition. In making this assessment, 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:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. See Note 31 for further information about the Group's accounting for trade receivables and Note 3.1 (b) for a description of the Group's credit risk management.

2.2.19 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost mainly comprises good-in-transit, raw materials, work in progress and finished goods. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.2.20 Trade receivables

Trade receivables are amounts due from customers for the products and services rendered in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 31 for further information about the Group's accounting for trade receivables and Note 3.1 (b) for a description of the Group's credit risk management.

2.2.21 ***Cash and cash equivalents***

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.2.22 ***Trade and notes payables***

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and notes payables are classified as current liabilities unless payment is not due within 12 months after each reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.2.23 ***Borrowings***

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized from the consolidated statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of profit or loss and other comprehensive income as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after each reporting period.

2.2.24 ***Share capital and treasury stocks***

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury stocks are equity instruments deducted from equity when the Group reacquires its own equity instruments.

For the 2020 Restricted Share Incentive Scheme, the Company granted the TYPE I restricted shares to employees by issue new shares. The TYPE I restricted shares are recognized as share capital with the excess of the nominal values of the shares in share premium upon the proceeds received, and initially recognized financial liabilities (i.e. other payable) with the corresponding debit to the treasury stocks.

For the 2023 Employee Stock Ownership Plan, the Company repurchased shares from the market and granted the restricted shares to employees. The variance of the repurchase amount and the granted amount are transferred from treasury stocks to share premium upon the proceeds received.

2.2.25 ***Share-based payment***

The Company operates restricted share incentive schemes and an employee stock ownership plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value of Type II restricted shares the 2023 Restricted Share Incentive Scheme (note 43) is determined using Black-Scholes Option Pricing Model, and the fair value of the restricted shares under 2020 Restricted Share Incentive

Scheme (note 43) and 2023 Employee Stock Ownership Plan (note 43) is determined on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price. Further details of which are given in note 43 to the Historical Financial Information.

The fair value of awarded shares granted to employees under the restricted share incentive schemes and an employee stock ownership plan is recognized as an employee benefits expense over the relevant service period, being the vesting period of the shares, and the credit is recognized in equity in the employee share-based compensation reserve. The fair value of the shares is measured at the grant date. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as of the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such shares are reversed effective at the date of the forfeiture.

The grant of share-based payments by the Company to the employees of the subsidiaries are treated as a capital contribution to subsidiaries in the separate financial statements of the Company. The fair value of employee services received, determined by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding adjustment to equity in the separate financial statements of the Company.

2.2.26 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, mainly market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group's businesses are principally conducted in RMB, USD and other foreign currencies.

The Group regularly monitors its foreign exchange risk to ensure there is no undue exposure to significant foreign exchange risk. The Group continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks. The Group may enter into forward foreign exchange contracts or currency swap contracts to hedge against exchange rate risks. For each reporting period, the Group did not enter into any forward foreign exchange contracts or currency swap contracts.

The exchange rate risks mainly arise from financial assets and financial liabilities denominated in USD. The amounts of financial assets and financial liabilities denominated in foreign currency converted into RMB are presented as follows:

	USD	Other Foreign Currencies	Total
	RMB'000	*RMB'000*	*RMB'000*
As of 31 December 2022			
Cash and cash equivalents	121,519	46,613	168,132
Trade receivables	–	11	11
Prepayments and other receivables	1,558	141	1,699
Trade and notes payables	–	–	–
Other payables and accruals	–	(9)	(9)
	123,077	46,756	169,833
As of 31 December 2023			
Cash and cash equivalents	114,955	48,874	163,829
Trade receivables	2,528	1,600	4,128
Prepayments and other receivables	1,683	143	1,826
Trade and notes payables	–	(61)	(61)
Other payables and accruals	–	(398)	(398)
	119,166	50,158	169,324
As of 31 December 2024			
Cash and cash equivalents	159,018	62,189	221,207
Trade receivables	731	1,425	2,156
Prepayments and other receivables	1,608	48	1,656
Trade and notes payables	–	(60)	(60)
Other payables and accruals	–	(3,213)	(3,213)
	161,357	60,389	221,746

As of 31 December 2022, 2023 and 2024, if the exchange rate of RMBagainst USD were higher/lower by 5%, the net profits of Group would have been approximately RMB8.49 million, RMB8.47 million and RMB11.09 million lower/higher respectively.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from borrowings, financial assets at FVTPL, cash and cash equivalents and restricted bank deposits. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 33. The Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk for each reporting period.

As of 31 December 2022, 2023 and 2024, the Group was not exposed to significant interest rate risk. The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate risk.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted bank deposits, trade receivables, contract assets and other receivables. The carrying amount of each class of the above assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of assets.

(i) Credit risk of cash and cash equivalents and restricted bank deposits

To manage this risk, the Group's subsidiaries only make transactions with state-owned banks or reputable commercial banks which are all high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The credit losses are assessed to be immaterial.

(ii) Credit risk of trade receivables and contract assets

The Group applies the simplified approach in calculating ECLs for trade receivables and contract assets. A certain customer of the Group which has an outstanding trade receivable due to the Group with gross carrying amount of RMB50,801,000 as of 31 December 2024 was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As of 31 December 2024, allowance for expected credit losses of RMB25,400,000 was made on the trade receivables due from the customer.

For the remaining trade receivables and contract assets are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The following table sets forth an aging analysis (based on revenue recognition date) of the gross trade receivables and contract assets and the related loss allowances at the respective reporting dates:

	As of 31 December 2022			
	Gross amount			
	Trade receivables	**Contract assets**	**Loss allowance**	**Expected loss rate**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Assessed based on grouping				
Up to 1 year	1,088,156	74,221	34,872	3.00
1 to 2 years	192,786	5,786	19,857	10.00
2 to 3 years	43,483	873	13,307	30.00
3 to 4 years	42,931	1,179	22,055	50.00
4 to 5 years	13,975	105	9,856	70.00
over 5 years	17,305	–	17,305	100.00
	1,398,636	82,164	117,252	7.92

	As of 31 December 2023			
	Gross amount			
	Trade receivables	Contract assets	Loss allowance	Expected loss rate
	RMB'000	*RMB'000*	*RMB'000*	*%*
Assessed based on grouping				
Up to 1 year	905,138	81,695	29,605	3.00
1 to 2 years	230,498	13,811	24,431	10.00
2 to 3 years	75,777	1,373	23,145	30.00
3 to 4 years	38,141	636	19,389	50.00
4 to 5 years	30,812	1,049	22,303	70.00
over 5 years	28,633	16	28,649	100.00
	1,308,999	98,580	147,522	10.48

	As of 31 December 2024			
	Gross amount			
	Trade receivables	Contract assets	Loss allowance	Expected loss rate
	RMB'000	*RMB'000*	*RMB'000*	*%*
Assessed based on grouping				
Up to 1 year	567,273	70,308	19,127	3.00
1 to 2 years	150,620	10,355	16,098	10.00
2 to 3 years	70,113	1,684	21,539	30.00
3 to 4 years	35,485	393	17,939	50.00
4 to 5 years	25,184	223	17,785	70.00
over 5 years	21,599	–	21,599	100.00
Assessed individually	50,801	–	25,400	50.00
	921,075	82,963	139,487	13.89

The movements in provision for impairment of trade receivables and contract assets are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Loss allowance			
As of the beginning of the year	96,538	117,252	147,522
Provision/(reversal) for trade receivables and contract assets, net	20,713	26,321	14,534
Written off	–	–	(22,566)
Proceed from acquisition of a subsidiary	–	3,946	–
Exchange difference from foreign operations	1	3	(3)
As of the end of the year	117,252	147,522	139,487

(iii) Credit risk of other receivables

Other receivables mainly comprise amount due from the employee, amount due from associates, amount due from the related parties, amount due from the third parties, deposits, and amount due from the third parties for equity transfer. The management of the Group makes individual assessment on the recoverability of amount due from the employee, amount due from associates, amount due from the related parties, amount due from the third parties, deposits, and amount due from the third parties for equity transfer based on historical settlement records and past experiences. The Group measures credit risk using probability of default, exposure at default and loss given default.

For impairment on amount due from the employee, amount due from associates, amount due from the related parties, amount due from the third parties, deposits, and amount due from the third parties for equity transfer, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Other financial assets that are not credit-impaired on initial recognition are classified in 'Stage 1' and the expected credit losses are measured as 12-month expected credit losses. If a significant increase in credit risk of other financial asset has occurred since initial recognition, the financial asset is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to 'Stage 3' and the expected credit loss is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on these financial assets based on historical settlement records and past experience.

On that basis, movements on the Group's provision for impairment of other receivables are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Stage 1			
Provision for impairment			
As of the beginning of the year	4,976	2,808	2,066
Moved to 'Stage 2'	–	(30)	–
(Decrease)/Increase in provision for impairment recognized in the consolidated statements of profit or loss and other comprehensive income	(2,203)	(765)	68
Written off	–	–	(295)
Proceed from acquisition of a subsidiary	–	51	–
Exchange difference from foreign operations	35	2	5
As of the end of the year	2,808	2,066	1,844
Stage 2			
Provision for impairment			
As of the beginning of the year	–	–	1,000
Moved from 'Stage 1'	–	30	–
Increase in provision for impairment recognized in the consolidated statements of profit or loss and other comprehensive income	–	970	–
As of the end of the year	–	1,000	1,000

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. Liquidity risk is centrally managed by the finance department of the Group. The finance department ensures that the Group maintains sufficient funding to meet its debt obligations under reasonably foreseeable scenarios by monitoring cash balances, marketable securities, and rolling 12-month cash flow forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at each year end to the contractual maturity date for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is immaterial.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2022					
Trade and notes payables	365,618	–	–	–	365,618
Other payables and accruals (excluding payroll and welfare payables and other taxes payable) *(Note 35)*	111,760	–	–	–	111,760
Borrowings (including interest accrual up to maturity)	295,819	–	–	–	295,819
Lease liabilities	16,136	8,684	–	–	24,820
As of 31 December 2023					
Trade and notes payables	376,940	–	–	–	376,940
Other payables and accruals (excluding payroll and welfare payables and other taxes payable) *(Note 35)*	66,876	–	–	–	66,876
Borrowings (including interest accrual up to maturity)	–	–	–	–	–
Lease liabilities	12,962	863	49	–	13,874
As of 31 December 2024					
Trade and notes payables	436,243	–	–	–	436,243
Other payables and accruals (excluding payroll and welfare payables and other taxes payable) *(Note 35)*	44,083	–	–	–	44,083
Borrowings (including interest accrual up to maturity)	11,139	–	–	–	11,139
Lease liabilities	8,333	7,051	14,853	–	30,237

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the share capital. The Group may adjust the amounts of dividends paid to equity holders, return capital to equity holders, issue new shares or repurchase the Company's shares.

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the Historical Financial Information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under IFRS Accounting Standards.

(i) Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(ii) Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(iii) Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

The carrying amounts of the financial assets and liabilities, which are measured at amortized cost, approximated their fair value as of 31 December 2022, 31 December 2023 and 31 December 2024.

The following table presents the Group's financial assets that are measured at fair value as of 31 December 2022, 31 December 2023 and 31 December 2024 respectively.

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022				
Assets				
Financial assets at FVTPL				
– Unlisted fund investments	–	–	9,337	9,337
– Unlisted equity investments	–	12,945	–	12,945
Financial assets at FVTOCI				
– Unlisted equity investments	–	4,000	726	4,726
	–	16,945	10,063	27,008

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Assets				
Financial assets at FVTPL				
– Wealth management products	–	4,045	–	4,045
– Unlisted fund investments	–	–	45,322	45,322
– Unlisted equity investments	–	11,699	–	11,699
Financial assets at FVTOCI				
– Unlisted equity investments	–	19,396	305	19,701
	–	35,140	45,627	80,767

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024				
Assets				
Financial assets at FVTPL				
– Wealth management products	–	13,368	–	13,368
– Unlisted fund investments	–	–	51,942	51,942
– Unlisted equity investments	–	4,974	–	4,974
Financial assets at FVTOCI				
– Unlisted equity investments	–	27,396	74	27,470
	–	45,738	52,016	97,754

Information about Level 2 fair value measurements

For wealth management products held as of 31 December 2023 and 2024, the fair value is determined based on the quoted subscription or redemption prices published by the bank. For unlisted equity investments held as of 31 December 2022, 2023 and 2024, the fair value is measured based on the observable quoted price of the underlying investment portfolio in active market or recent transaction price.

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other technique, such as asset based approach, is used to determine fair value for the remaining financial instrument.

There were no changes in valuation techniques during the Track Record Period.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movements in level 3 items for the years ended 31 December 2022, 31 December 2023 and 31 December 2024:

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
	RMB'000	*RMB'000*	*RMB'000*
As of 1 January 2022	8,959	1,691	10,650
FV change	378	(965)	(587)
As of 31 December 2022	9,337	726	10,063
As of 1 January 2023	9,337	726	10,063
Acquisitions	45,000	–	45,000
Transfer to investments in associates	(9,281)	–	(9,281)
FV change	266	(421)	(155)
As of 31 December 2023	45,322	305	45,627
As of 1 January 2024	45,322	305	45,627
Acquisitions	7,122	–	7,122
FV change	(562)	(231)	(793)
Exchange gain/(loss)	60	–	60
As of 31 December 2024	51,942	74	52,016

(d) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value As of 31 December			Valuation techniques	Significant unobservable inputs	Relationship of key assumptions to fair value
	2022	2023	2024			
	RMB'000	*RMB'000*	*RMB'000*			
Financial assets at FVTPL						
– Unlisted fund investments	9,337	45,322	51,942	Adjusted net assets	Fair value of the assets and liabilities of the investee	An increase/decrease in the fair value of the assets of the investee would result in an increase/decrease in the fair value measurement of the unlisted fund investment An increase/decrease in the fair value of liabilities of the investee would result in a decrease/increase in the fair value measurement of the unlisted fund investment
Financial assets at FVTOCI						
– Unlisted equity investment	726	305	74	Adjusted net assets	Fair value of the assets and liabilities of the investee	An increase/decrease in the fair value of the assets of the investee would result in an increase/decrease in the fair value measurement of the unlisted fund investment An increase/decrease in the fair value of liabilities of the investee would result in a decrease/increase in the fair value measurement of the unlisted fund investment

For unlisted fund investments: as of 31 December 2022, 2023 and 2024, if adjusted net assets value higher/lower by 5%, fair value of financial assets at FVTPL would have been approximately RMB467,000, RMB2,266,000 and RMB2,597,000 higher/lower respectively.

For unlisted equity investment: as of 31 December 2022, 2023 and 2024, if adjusted net assets value higher/lower by 5%, fair value of financial assets at FVTOCI would have been approximately RMB36,000, RMB15,000 and RMB3,000 higher/lower respectively.

4 CRITICAL ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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 revision affects both current and future periods.

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Estimation of the fair value of financial assets at FVTPL and financial assets at FVTOCI

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period, Changes in these assumptions and estimates could materially affect the respective fair value of these investments. Details of the assumptions and estimates in determination of the fair value are disclosed in Note 3.3.

(b) Inventory provision

Inventories are stated at the lower of cost and net realizable value as stated in Note 2.2.19. Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, environmental goals and competitor actions in response to industry cycles. Management measures these estimates at the end of each reporting year.

(c) Provision of ECL for financial assets at amortized cost

The Group calculates ECL for trade and other receivables and cash and cash equivalent under IFRS 9. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Details of the key assumptions and inputs used are set out in Note 3.1(b). Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

(d) Impairment assessment of non-financial assets

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the assets to exceed their recoverable amounts. The recoverable amount of an asset or a cash generating unit is determined as the higher of their unit's fair value less cost of disposal and its value-in-use which requires the use of assumptions and estimates.

5 SEGMENT INFORMATION

The executive directors of the Company has been identified as the chief operating decision maker of the Group who reviews the operating results of the Group's business as one operating segment to make strategic decisions and resources allocation. Therefore, the Group regards that there is only one segment which is used to make strategic decisions.

Revenue from customers contributing over 10% of the total revenue of the Group during the year ended 31 December 2022, 31 December 2023 and 31 December 2024 is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
Customer A	18.89%	25.35%	20.38%
Customer B	16.00%	N/A*	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6 REVENUE

(a) Disaggregation of revenue from contracts with customers

Revenue for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Technology solutions for banks			
– Point in time	3,652,497	4,564,689	3,361,711
– Overtime	102,443	98,813	99,567
	3,754,940	4,663,502	3,461,278
Technology solutions for non-bank institutions			
– Point in time	355,755	360,993	342,964
– Overtime	5,831	17,321	27,871
	361,586	378,314	370,835
Innovative operation services			
– Overtime	164,726	157,265	122,097
	164,726	157,265	122,097
	4,281,252	5,199,081	3,954,210

Revenue by location of the customers for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Northeast China	87,911	76,953	96,479
Northern China	2,202,902	3,413,725	2,379,159
East China	1,134,416	836,496	887,033
South China	472,316	525,017	343,615
Central China	261,355	196,698	137,361
Northwest China	38,522	88,669	45,929
Southwest China	73,112	49,478	55,583
Overseas	10,718	12,045	9,051
	4,281,252	5,199,081	3,954,210

(b) Contract liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liability balance were primarily due to the recognition of revenues upon fulfilment of performance obligations.

The Group

As of 31 December 2022, 31 December 2023 and 31 December 2024, the Group recognized contract liabilities of RMB621,343,000, RMB432,754,000 and RMB564,346,000, respectively.

The following table shows how much of the revenue recognized during the Track Record Period is included in the contract liabilities:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the contract liability balance at the beginning of the year	501,716	533,110	333,580

The Company

As of 31 December 2022, 31 December 2023 and 31 December 2024, the Company recognized contract liabilities of RMB611,443,000, RMB404,743,000 and RMB530,292,000, respectively.

The following table shows how much of the revenue recognized during the Track Record Period is included in the contract liabilities:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the contract liability balance at the beginning of the year	499,787	526,722	310,193

(c) Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as of 31 December 2022 and the expected timing of recognizing revenue are as follows:

	Technology solutions for banks	Technology solutions for non-bank institutions	Innovative operation services
	RMB'000	*RMB'000*	*RMB'000*
Within one year	2,013,953	276,751	87,800
More than one year but not more than two years	634,550	60,250	25,991
More than two years	13,756	1,028	12,170
	2,662,259	338,029	125,961

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as of 31 December 2023 and the expected timing of recognizing revenue are as follows:

	Technology solutions for banks	Technology solutions for non-bank institutions	Innovative operation services
	RMB'000	*RMB'000*	*RMB'000*
Within one year	1,926,375	252,273	58,230
More than one year but not more than two years	981,894	73,780	20,221
More than two years	72,394	18	12,866
	2,980,663	326,071	91,317

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as of 31 December 2024 and the expected timing of recognizing revenue are as follows:

	Technology solutions for banks	Technology solutions for non-bank institutions	Innovative operation services
	RMB'000	*RMB'000*	*RMB'000*
Within one year	2,123,193	239,521	78,698
More than one year but not more than two years	656,260	81,159	20,168
More than two years	203,337	36	763
	2,982,790	320,716	99,629

7 EXPENSES BY NATURE

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Employee benefits expenses	3,045,008	3,108,179	2,695,177
Changes in inventories and contract fulfilment costs	(102,702)	87,032	85,614
Software and hardware products purchased	828,783	1,410,108	685,835
Project implementation costs	29,495	27,564	21,310
External procurement services costs	43,363	71,856	37,991
Depreciation and amortization	34,843	35,050	34,413
Provision for inventories and contract fulfilment costs	36,311	11,453	5,775
Property-related expenses include short-term lease expenses	8,401	10,978	12,201
Office expenses	17,658	20,590	19,460
Traveling expenses	9,881	14,928	13,509
Bidding expenses	5,970	6,037	5,540
Recruitment expenses	3,361	1,997	1,406
Other tax expenses	18,945	23,815	22,963
Business entertainment expenses	40,703	55,680	27,111
Employee training expenses	7,840	8,180	7,171
Auditors' remuneration	1,573	1,573	1,573
Employee benefits expenses recognized in development expenditure	–	–	(3,481)
Others	32,651	22,904	13,378
	4,062,084	4,917,924	3,686,946

(a) Depreciation of the Group's property, plant and equipment has been recognized as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Research and development expenses	1,160	1,256	897
General and administrative expenses	8,240	10,112	10,920
Selling expenses	130	135	55
Cost of inventories and contract fulfilment costs	5,404	3,138	1,642
	14,934	14,641	13,514

(b) Amortisation of the Group's intangible assets has been recognized as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Research and development expenses	993	914	379
General and administrative expenses	388	1,045	1,057
Cost of inventories and contract fulfilment costs	–	500	1,023
	1,381	2,459	2,459

(c) Depreciation of the Group's right-of-use assets has been recognized as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Research and development expenses	7,993	7,209	1,705
General and administrative expenses	9,437	9,591	15,637
Selling expenses	–	52	–
	17,430	16,852	17,342

(d) Depreciation of the Group's investment properties has been recognized as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
General and administrative expenses	1,098	1,098	1,098
	1,098	1,098	1,098

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	2,604,260	2,573,314	2,194,749
Share-based compensation expenses *(Note 43)*	(25,694)	45,814	24,194
Pension obligations, housing funds, medical insurances and other social insurances	439,532	461,234	435,150
Other employee benefit expenses	26,910	27,817	41,084
	3,045,008	3,108,179	2,695,177

(a) Pension obligations, housing funds, medical insurances and other social insurances

The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits. The Group's full time employees in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government and liabilities in respect of benefits schemes are limited to the contribution payable in each year.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2022, 31 December 2023 and 31 December 2024, include nil, nil and two directors respectively, whose emoluments are disclosed in Note 8(c). Details of the remuneration of the remaining individuals during the years ended 31 December 2022, 31 December 2023 and 31 December 2024 are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	16,366	28,766	16,958
Share-based compensation expenses	–	1,317	536
Pension obligations, housing funds, medical insurances and other social insurances	383	327	112
	16,749	30,410	17,606

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December		
	2022	2023	2024
Emolument bands			
HK$2,500,001 to HK$3,000,000	2	–	–
HK$3,000,001 to HK$3,500,000	1	–	–
HK$3,500,001 to HK$4,000,000	–	–	–
HK$4,000,001 to HK$4,500,000	–	–	–
HK$4,500,001 to HK$5,000,000	1	–	–
HK$5,000,001 to HK$5,500,000	1	–	2
HK$5,500,001 to HK$6,000,000	–	1	–
HK$6,000,001 to HK$6,500,000	–	2	–
HK$6,500,001 to HK$7,000,000	–	–	–
HK$7,000,001 to HK$7,500,000	–	1	–
HK$7,500,001 to HK$8,000,000	–	–	–
HK$8,000,001 to HK$8,500,000	–	–	1
HK$8,500,001 to HK$9,000,000	–	1	–
	5	5	3

(c) Details of emoluments in respect of the directors and supervisors of the Company

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the year ended 31 December 2022 are as follows:

Name	Director's fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors						
Hong Weidong	–	1,084	420	110	–	1,614
Wu Hong	–	996	–	110	–	1,106
Dai Shiping	–	578	420	96	–	1,094
Song Kaiyu	–	–	–	–	–	–
Chen Jing	100	–	–	–	–	100
Li Jun	158	–	–	–	–	158

Name	Director's fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Zhang Qiusheng *((note (i))*	85	–	–	–	–	85
Li Feng	61	–	–	–	–	61
Li Jianguo *(note (ii))*	–	–	–	–	–	–
Mao Zhihong *(note (iii))*	25	–	–	–	–	25
Yu Haohan *(note (iv))*	–	–	–	–	–	–
Li Shuo *(note (v))*	–	–	–	–	–	–
	429	2,658	840	316	–	4,243
Supervisors						
Zhen Chunwang	–	98	7	36	–	141
Jin Xiaolin	–	137	9	43	–	189
Jiang Xue	–	272	33	28	–	333
	–	507	49	107	–	663

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the year ended 31 December 2023 are as follows:

Name	Director's fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors						
Hong Weidong	–	1,434	960	105	2,127	4,626
Wu Hong	–	996	960	105	1,418	3,479
Dai Shiping	–	609	582	105	889	2,185
Song Kaiyu	–	–	–	–	–	–
Chen Jing	100	–	–	–	–	100
Li Jun	100	–	–	–	–	100
Zhang Qiusheng	100	–	–	–	–	100
Li Feng	100	–	–	–	–	100
Yu Haohan	–	–	–	–	–	–
Li Shuo	–	–	–	–	–	–
	400	3,039	2,502	315	4,434	10,690
Supervisors						
Zhen Chunwang	–	113	5	40	51	209
Jin Xiaolin	–	140	6	48	51	245
Jiang Xue	–	274	26	31	51	382
	–	527	37	119	153	836

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the year ended 31 December 2024 are as follows:

Name	Director's fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors						
Hong Weidong	–	2,615	1,018	123	1,418	5,174
Wu Hong	–	2,391	1,100	123	946	4,560
Dai Shiping	–	1,302	375	112	601	2,390
Song Kaiyu	–	–	–	–	–	–
Chen Jing	90	–	–	–	–	90
Li Jun	120	–	–	–	–	120
Zhang Qiusheng	50	–	–	–	–	50
Li Feng	120	–	–	–	–	120
Li Hua *(note (vi))*	30	–	–	–	–	30
Wang Xia *(note (vii))*	72	–	–	–	–	72
	482	6,308	2,493	358	2,965	12,606
Supervisors						
Zhen Chunwang	–	63	2	42	34	141
Jin Xiaolin	–	138	3	51	34	226
Jiang Xue	–	272	17	33	34	356
	–	473	22	126	102	723

Notes:

(i) Mr. Zhang Qiushen was appointed in May 2022 and resigned in May 2025.

(ii) Mr. Li Jianguo was appointed in July 2017 and resigned in May 2022.

(iii) Mr. Mao Zhihong was appointed in April 2014 and resigned in May 2022.

(iv) Mr. Yu Haohan was resigned in December 2023.

(v) Mr. Li Shuo was appointed in September 2021 and resigned in August 2023.

(vi) Mr. Li Hua was appointed as a director in September 2024.

(vii) Mr. Wang Xia was appointed as a director in May 2024.

(d) Directors' retirement benefits and termination benefits

No director's retirement or termination benefit subsisted at the end of each year disclosed or at any time during the Track Record Period.

(e) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of each year disclosed or at any time during the Track Record Period.

(f) Information about borrowings, quasi-borrowings and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors

No borrowings, quasi-borrowings and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of each year disclosed or at any time during the Track Record Period.

(g) Directors' material interest in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of each year disclosed or at any time during the Track Record Period.

9 OTHER INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(a)*	21,846	14,520	42,541
Super-input value-added tax ("VAT") credit *(b)*	20,567	11,499	–
Rental income	2,349	2,450	2,601
Reduction of value added tax	–	–	227
Others	3,006	5,013	4,414
	47,768	33,482	49,783

(a) The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives to reward the Group's support and contribution for the development of local economies.

(b) Super-input VAT credit amounted to RMB20.6 million, RMB11.5 million and nil for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 was recognized in consolidated statements of profit or loss and other comprehensive income due to the VAT reform. In accordance with Announcement 2019 No. 39 announced by Ministry of Finance (MOF), State Taxation Administration (STA) and General Administration of Customs of the People's Republic of China (GACC) and Caishui 2022 No. 11 announced by MOF and STA, the Company meet the requirement of the Producer and Consumer Services Industries and are eligible for additional VAT credits by 10% of the current period creditable VAT input from 1 January 2022 to 31 December 2022. In accordance with Caishui 2023 No. 1 introduced announced by MOF and STA, the Company meet the requirement of the Producer and Consumer Services Industries and are eligible for additional VAT credits by 5% of the current period creditable VAT input from 1 January 2023 to 31 December 2023.

10 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Change in fair value of financial assets at FVTPL	(14,655)	42	(1,765)
Impairment loss for goodwill	(9,405)	–	–
Gain/(loss) on disposal of financial assets	5,065	12	(6,075)
Gain/(loss) on disposal/derecognition of subsidiaries	388	(210)	–
Loss on disposal of/written off PPE	(223)	(480)	(313)
Gain on termination of right-of-use assets	6	104	33
Impairment loss on investment in associates	–	–	(176)
Foreign currency exchange gain/(loss)	679	841	(418)
	(18,145)	309	(8,714)

11 IMPAIRMENT LOSSES

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses under ECL model, net of reversal			
Trade receivables	22,787	24,969	15,842
Other receivables	(2,203)	205	68
Contract assets	(2,074)	1,352	(1,308)
	18,510	26,526	14,602

Details of impairment are set out in note 3.1 (b) to the Historical Financial Information.

12 FINANCE COSTS — NET

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Interest income from amount due from an associate	–	15	843
Interest income from financial assets held for cash management purposes *(a)*	12,540	26,746	49,706
	12,540	26,761	50,549
Finance costs:			
Interest expenses on bank borrowings	(4,493)	(8,294)	(261)
Interest expenses on restricted shares repurchase obligation payments	(3,855)	(444)	–
Interest expenses on lease liabilities	(1,218)	(655)	(1,149)
	(9,566)	(9,393)	(1,410)
Finance costs – net	2,974	17,368	49,139

(a) Interest income represents interest income from cash and cash equivalent, including bank balances and term deposits which could be withdrawn or transferred on demand.

13 INCOME TAX EXPENSE

(a) Income tax expense

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current tax	11,211	1,309	892
Deferred tax *(Note 23)*	2,066	(3,932)	5,629
	13,277	(2,623)	6,521

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Hong Kong

The Group's subsidiary in Hong Kong is subject to Hong Kong profits tax of which the tax rate was 16.5% up to 1 April 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits in the first Hong Kong Dollars ("HKD") 2 million and 16.5% for any assessable profits in excess. Since the subsidiary did not have assessable profits during the Track Record Period, no Hong Kong profits tax has been provided.

Mainland China

In accordance with the Enterprise Income Tax Law ("EIT Law"), Foreign Investment Enterprises ("FIEs") and domestic companies established in Mainland China are subject to Enterprise Income Tax ("EIT") at a rate of 25%.

For the years ended 31 December 2022, 2023 and 2024, several subsidiaries of the Company located in PRC were qualified as small and micro-sized enterprises, which were subject to the effective corporate income tax rate of 2.5%-5%.

Besides, certain Group's subsidiaries benefit from a preferential tax rate of 15% under the CIT Law if they are qualified as high and new technology enterprises under relevant regulations or located in applicable PRC regions, such as certain western regions and special economic zone, as specified in the relevant catalogue of encouraged industries, subject to certain general restrictions described in the CIT Law and the related regulations.

Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including Macau, Singapore and Indonesia, has been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging from 12% to 22% for the Track Record Period.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate in the PRC applicable to the Group as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	266,377	327,534	390,837
Income tax expense computed at the statutory income tax rate of 25%	66,594	81,884	97,709
Tax effect of:	–	–	–
Preferential tax rate	(26,637)	(32,753)	(39,083)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(4,073)	10,571	(1,922)
Super Deduction in respect of research and development ("R&D") expenditures and disabled employee expenses	(59,313)	(76,185)	(57,970)
(Over)/under provision of current tax in prior year	(53)	(158)	769
Expenses not deductible for taxation purpose *(i)*	7,554	5,493	8,874
Income not subject for tax purpose	(3,099)	(15,242)	(10,587)
Utilization of tax losses which no deferred income tax assets was recognized previously	(1,178)	(1,210)	(5,258)
Temporary differences or tax losses for which no deferred income tax assets were recognized	33,544	24,977	13,948
Change in opening deferred tax asset/liability balance due to tax rate adjustment	(62)	–	41
Income tax expense	13,277	(2,623)	6,521

(i) Expenses not deductible for tax purposes mainly represent share-based compensation expenses and marketing expenses incurred in the Company and the Company's subsidiaries in Mainland China which are not deductible according to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC.

(b) Tax losses

As of 31 December 2022, 31 December 2023 and 31 December 2024, the Group did not recognize deferred income tax assets in respect of losses of RMB270.8 million, RMB394.7 million and RMB452.7 million respectively. The tax losses incurred from the Company's subsidiary in Mainland China that are not recognized as deferred tax assets will expire from 2023 to 2034. Tax losses of the Company's subsidiary incorporated overseas will be carried forward indefinitely. Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As of 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Expiry year			
2023	386	–	–
2024	1,230	769	–
2025	4,423	365	365
2026	33,792	37,859	29,960
2027	64,473	18,675	12,514
2028	–	11,170	7,353
2029	35,620	40,247	79,961
2030	16,275	19,133	19,133
2031	16,422	6,563	6,563
2032	83,540	141,548	117,129
2033	–	111,556	111,880
2034	–	–	50,859
Permanently (Overseas)	14,607	6,826	16,985
	270,768	394,711	452,702

14 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding ordinary shares held for share schemes as these shares are not considered outstanding for earnings per share calculation purposes.

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Earning attributable to the equity holders of the Company (RMB'000)	252,976	325,720	379,853
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (thousand shares)	692,464	693,374	686,133
Basic earnings per share (expressed in RMB per share)	0.37	0.47	0.55

(b) Diluted earnings per share

The share schemes granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential diluted ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Earnings attributable to the equity holders of the Company (RMB'000)	252,976	325,720	379,853
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (thousand shares)	692,464	695,090	687,551
Diluted earnings per share (expressed in RMB per share)	0.37	0.47	0.55

15 SUBSIDIARIES

(a) Subsidiaries of the Company

During the Track Record Period and as of the date of this report, the Company has equity interests in the following subsidiaries:

Company Name	Place of Incorporation/ establishment and kind of legal entity	Date of Incorporation/ establishment	Date of deregistration	Issued/ Registered Capital	Equity interest attributable to the Company — As of 31 December 2022		As of 31 December 2023		As of 31 December 2024		Principal activities	Place of operation
					Direct	Indirect	Direct	Indirect	Direct	Indirect		
				RMB'000	%	%	%	%	%	%		
北京宇信鴻泰軟件技術有限公司 Beijing Yusys Hongtai Software Technology Co., Ltd. *(e)*	The PRC, limited liability company	28 January 2002		90,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
廈門宇誠科技有限公司 Xiamen Yucheng Technology Co., Ltd.. *(e)*.	The PRC, limited liability company	9 April 2007		1,500	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
天津宇信易誠科技有限公司 Tianjin Yusys Yicheng Technology Co., Ltd.. *(e)*	The PRC, limited liability company	14 October 2009		200,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
北京優迪信息技術有限公司 Beijing UD Information Technology Co., Ltd. *(e)*	The PRC, limited liability company	2 July 2009		5,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
北京宇信恒升信息技術股份有限公司 Beijing Yusys Hengsheng Information Technology Co., Ltd.. *(e)*.	The PRC, limited liability company	14 April 2005		20,000	65.00	–	65.00	–	65.00	–	Technology Development and service	The PRC
北京宇信金地科技有限公司 Beijing Yusys Gemdale Technology Co., Ltd.. *(e)*	The PRC, limited liability company	23 November 2004		31,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
北京宇信企慧信息技術有限公司 Beijing Yusys Qihui Information Technology Co., Ltd. *(b)*	The PRC, limited liability company	6 January 2017		20,000	66.20	–	66.20	–	66.20	–	Technology Development and service	The PRC
北京宇信啟融科技有限公司 Beijing Yusys Qirong Technology Co., Ltd *(b)*.	The PRC, limited liability company	6 March 2014		15,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC

Company Name	Place of Incorporation/ establishment and kind of legal entity	Date of Incorporation/ establishment	Date of deregistration	Issued/ Registered Capital	Equity interest attributable to the Company — As of 31 December 2022 Direct	As of 31 December 2022 Indirect	As of 31 December 2023 Direct	As of 31 December 2023 Indirect	As of 31 December 2024 Direct	As of 31 December 2024 Indirect	Principal activities	Place of operation
				RMB'000	%	%	%	%	%	%		
北京宇信易初科技有限公司 Beijing Yusys Yichu Technology Co., Ltd. *(e)*	The PRC, limited liability company	25 December 1997		30,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
無錫宇信易誠科技有限公司 Wuxi Yusys Yicheng Technology Co., Ltd *(b)*	The PRC, limited liability company	6 January 2014		20,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
無錫宇信易誠培訓有限公司 Wuxi Yusys Yicheng Training Co., Ltd.. *(e)*	The PRC, limited liability company	1 December 2014	2 April 2024	1,000	100.00	–	100.00	–	N/A	N/A	Training services	The PRC
宇信金服科技有限公司 Yusys Financial Technology Co., Ltd. *(c)*	The PRC, limited liability company	18 May 2017		50,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
宇信數據科技有限公司 Yusys Data Technology Co., Ltd. *(e)*	The PRC, limited liability company	15 March 2010		69,429	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
珠海宇信鴻泰科技有限公司 Zhuhai Yusys Hongtai Technology Co., Ltd. *(c)*	The PRC, limited liability company	9 May 2014		10,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
珠海宇信易誠科技有限公司 Zhuhai Yusys Yicheng Technology Co., Ltd. *(b)*	The PRC, limited liability company	9 May 2014		10,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
廈門市宇信鴻泰科技有限公司 Xiamen Yusys Hongtai Technology Co., Ltd. *(b)*	The PRC, limited liability company	14 March 2017		50,000	–	100.00	–		100.00	100.00	Technology Development and service	The PRC
珠海數通天下科技有限公司 Zhuhai Datacom Technology Co., Ltd. *(c)*	The PRC, limited liability company	24 October 2014		10,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC
西安宇信融匯網絡科技有限公司 Xian Yusys Ronghui Network Technology Co., Ltd.. *(b)*	The PRC, limited liability company	31 January 2019		20,000	71.00	–	71.00	–	71.00	–	Cloud Payment Platform Service	The PRC

Company Name	Place of Incorporation/ establishment and kind of legal entity	Date of Incorporation/ establishment	Date of deregistration	Issued/ Registered Capital	Equity interest attributable to the Company: As of 31 December 2022 Direct	As of 31 December 2022 Indirect	As of 31 December 2023 Direct	As of 31 December 2023 Indirect	As of 31 December 2024 Direct	As of 31 December 2024 Indirect	Principal activities	Place of operation
				RMB'000	%	%	%	%	%	%		
宇信企盾(廈門)信息技術有限公司 Yusys Qidun (Xiamen) Information Technology Co., Ltd. *(e)*	The PRC, limited liability company	30 July 2020		10,000	65.00	–	65.00	–	65.00	–	Technology Development and service	The PRC
廈門宇道信隆信息科技有限公司 Xiaman Yudao Xinlong Technology Co., Ltd. *(e)*	The PRC, limited liability company	15 July 2020	24 August 2023	10,000	100.00	–	N/A	N/A	N/A	N/A	Technology Development and service	The PRC
成都宇信鴻泰科技有限公司 Chengdu Yusys Hongtai Technology Co., Ltd. *(e)*	The PRC, limited liability company	16 September 2020	27 November 2024	100,000	100.00	–	100.00	–	N/A	N/A	Technology Development and service	The PRC
宇信鴻泰科技(香港)有限公司 YUSYS FINTECH (HK) LIMITED. *(d)*	The PRC, limited liability company	13 March 2019		120,000	100.00	–	100.00	–	100.00	–	Technology Development and service	Hong Kong
YUSYS TECHNOLOGIES PTE. LTD. *(e)*	Singapore, limited liability company	20 June 2019		9,434	–	100.00	–	100.00	–	100.00	Technology Development and service	Singapore
PT Yuinsight Technologies International *(e)*	Indonesia, limited liability company	16 March 2020		24,286	–	99.86	–	99.86	–	99.86	Technology Development and service	Indonesia
杭州宇信數字科技有限公司 Hangzhou Yusys Digital Technology Co., Ltd. *(c)*	The PRC, limited liability company	15 November 2021		50,000	75.00	–	75.00	–	75.00	–	Technology Development and service	The PRC
澳門宇信科技一人有限公司 Macau Yusys Technology One Person Company Limited. *(e)*	Macau, limited liability company	25 February 2022		7,857	100.00	–	100.00	–	100.00	–	Technology Development and service	Macau
北京微通新成網絡科技有限公司 Beijing Weitong Xincheng Network Technology Co., Ltd.. *(b)*	The PRC, limited liability company	7 April 2005		12,250	N/A	N/A	60.00	–	60.00	–	Information security development and services	The PRC
重慶宇信星航科技有限公司 Chongqing Yusys Xinghang Technology Co., Ltd. *(e)*	The PRC, limited liability company	4 December 2024		10,000	N/A	N/A	N/A	N/A	65.00	–	Technology Development and service	The PRC

Company Name	Place of Incorporation/ establishment and kind of legal entity	Date of Incorporation/ establishment	Date of deregistration	Issued/ Registered Capital	Equity interest attributable to the Company						Principal activities	Place of operation
					As of 31 December 2022		As of 31 December 2023		As of 31 December 2024			
					Direct	Indirect	Direct	Indirect	Direct	Indirect		
				RMB'000	%	%	%	%	%	%		
深圳市宇信雲創科技有限公司 Shenzhen Yusys Yunchuang Technology Co., Ltd. *(e)*	The PRC, limited liability company	17 December 2024		50,000	N/A	N/A	N/A	N/A	51.00	–	Technology Development and service	The PRC
北京宇信匯智科技有限公司 Beijing Yusys Huizhi Technology Co., Ltd. *(e)*	The PRC, limited liability company	23 December 2024		10,000	N/A	N/A	N/A	N/A	52.00	–	Technology Development and service	The PRC
珠海金廈信合數字科技有限公司 Zhuhai Jinxia Xinhe Digital Technology Co., Ltd. *(f)*	The PRC, limited liability company	17 October 2024		10,000	N/A	N/A	N/A	N/A	–	40.00	Technology Development and service	The PRC
安徽宇信盈之數據科技有限公司 Anhui Yuxin Yingzhi Data Technology Co., Ltd. *(e)*	The PRC, limited liability company	23 February 2021	20 August 2022	10,000	N/A	N/A	N/A	N/A	N/A	N/A	Technology Development and service	The PRC
北京宇信鴻泰科技發展有限公司 Beijing Yusys Hongtai Technology Development Co., Ltd.*(e)*	The PRC, limited liability company	16 June 1999		55,000	100.00	–	100.00	–	100.00	–	Technology Development and service	The PRC

(a) The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(b) The statutory financial statements of the PRC subsidiaries of Company have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the years ended 31 December 2022, 2023 and 2024.

(c) The statutory financial statements of the PRC subsidiaries of Company have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the years ended 31 December 2022 and 2023, no statutory financial statement for the year ended 31 December 2024 was available as there was no requirements to issue audited accounts by the local authorities.

(d) The statutory financial statements of the HK subsidiary of the Company have been audited by Huang Tak Wai CPA (Practising), certified public accountants registered in HK, in accordance with the Hong Kong Standards on Auditing and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the HKICPA for the year ended 31 December 2022 and 2023. As of the reporting data, no statutory financial statement for the year ended 31 December 2024 was issued.

(e) No statutory financial statements for the year ended 31 December 2022, 2023 and 2024 were available as there was no requirements to issue audited accounts by the local authorities.

(f) 杭州宇信數字科技有限公司 (Hangzhou Yuxin Digital Technology Co., Ltd.), the subsidiary of the Company, holds 40% of equity in 珠海金廈信合數字科技有限公司 (Zhuhai Jinxia Xinhe Digital Technology Co., Ltd.), which is the largest shareholder of Zhuhai Jinxia Xinhe Digital Technology Co., Ltd. Hangzhou Yuxin Digital Technology Co., Ltd. has entered into a Joint Action Agreement with Shenzhen Qingcong Intelligent Technology Co., Ltd., which holds 15% of equity in Zhuhai Jinxia Xinhe Digital Technology Co., Ltd. According to the Joint Action Agreement, in the event of any disagreement when exercising shareholder rights, the opinion of Hangzhou Yuxin Digital Technology Co., Ltd. shall prevail. Through this agreement, Hangzhou Yuxin Digital Technology Co., Ltd. effectively controls 55% of the voting rights in Zhuhai Jinxia Xinhe Digital Technology Co., Ltd. Zhuhai Jinxia Xinhe Digital Technology Co., Ltd. was consolidated by the Company.

(b) Investments in subsidiaries

The Company

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries, at costs			
As of the beginning of the year	846,006	880,140	925,158
Addition	64,714	48,896	99,291
Disposal	(30,580)	(3,878)	(50,000)
As of the end of the year	880,140	925,158	974,449
Provisions for impairment	(174,112)	(174,112)	(174,112)
	706,028	751,046	800,337

16 INVESTMENT IN ASSOCIATES

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
As of the beginning of the year	355,238	454,257	570,089
Addition	68,500	86,724	–
Transfer from financial assets at FVTPL	–	9,281	–
Disposal	–	–	(12,634)
Provisions for impairment	–	–	(176)
Dividend received	(4,000)	(8,400)	(20,000)
Share of profits, other equity movements and other comprehensive income	34,519	28,227	43,590
As of the end of the year	454,257	570,089	580,869

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
As of the beginning of the year	188,078	275,511	371,397
Addition	68,500	83,723	–
Disposal	–	–	(11,371)
Provisions for impairment	–	–	(176)
Share of profits, other equity movements and other comprehensive income	18,933	12,163	15,212
As of the end of the year	275,511	371,397	375,062

The Group had investments in the following associates during the Track Record Period:

Name of associates	Place of incorporation/ establishment and operation	Percentage of ownership interest held by the Group As of 31 December 2022	2023	2024	Principal activity
晉商消費金融股份有限公司 Jinshang Consumer Finance Co., Ltd. *(note (a))*	PRC	20.00%	20.00%	20.00%	Financial services
湖北消費金融股份有限公司 Hubei Consumer Finance Co., Ltd. *(note (a))*	PRC	12.77%	12.77%	12.77%	Financial services
趣街(天津)科技有限公司 Fun Street (Tianjin) Technology Co., Ltd. *(note (a))*	PRC	20.00%	20.00%	20.00%	Software and information technology services
銅根源(北京)信息諮詢有限公司 Tonggenyuan (Beijing) Information Consulting Co., Ltd. *(note (a))*	PRC	43.00%	43.00%	43.00%	Business service industry
上海宇信融泰軟件有限公司 Shanghai Yusys Rongtai Software Co., Ltd. *(note (a))*	PRC	24.00%	24.00%	24.00%	Software and information technology services
大連同方軟銀科技股份有限公司 Dalian Tongfang SoftBank Technology Co., Ltd. *(note (a))*	PRC	16.88%	16.88%	18.76%	Software and information technology services
蘇州鼎信榮科技有限責任公司 Suzhou Dingxinrong Technology Co., Ltd. *(note (a))*	PRC	40.00%	40.00%	40.00%	Information transmission, software and information technology services
宇新(廈門)大數據股權投資基金合夥企業(有限合夥) Yuxin (Xiamen) Big Data Equity Investment Fund Partnership (Limited Partnership) *(note (a))*	PRC	N/A	25.00%	25.00%	Leasing and business services
上海數智輕舟互聯信息技術有限責任公司 Shanghai Shuzhi Qingzhou Internet Information Technology Co., Ltd. *(note (a))*	PRC	N/A	10.00%	10.00%	Software and information technology services

Notes:

(a) The English names of the associates registered in the PRC represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

(b) The Group has significant influence on 湖北消費金融股份有限公司, as the Group has appointed Zhai Hanbin as the director of the investee, effective from August 2017.

The Group has significant influence on 大連同方軟銀科技股份有限公司, as one the Group's directors, Dai Shiping, is also the director of the investee.

The Group has significant influence on 上海數智輕舟互聯信息技術有限責任公司, as the Group has appointed Chen Zhiling as the director of the investee, effective from December 2023.

(c) 大連同方軟銀科技股份有限公司 has repurchased 10% of its shares from its shareholders in 2024. After the share repurchase was completed, the Group's shareholding interest increased from 16.88% to 18.76%.

All of these associates are accounted for using the equity method in the Historical Financial Information.

Aggregate information of associates that are not individually material:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of the Group's associates in the Historical Financial Information	454,257	570,089	580,869

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Dividend received	(4,000)	(8,400)	(20,000)
Share of loss and total comprehensive income of associates	34,519	28,227	43,590

17 INVESTMENT IN JOINT VENTURE

The Group and Company

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
As of the beginning of the year	4,947	8,550	3,280
Addition	5,000	–	–
Share of profits	(1,397)	(5,270)	(3,280)
As of the end of the year	8,550	3,280	–

The Group had an investment in the following joint venture during the Track Record Period:

Name of joint venture	Place of incorporation/ establishment and operation	Percentage of ownership interest held by the Group As of 31 December 2022	2023	2024	Principal activity
成都智暄科技有限責任公司 Chengdu Zhixuan Technology Co., Ltd. *(note (a) (b))*	PRC	50.00%	50.00%	N/A	Software and information technology services

Notes:

(a) The English name of the joint venture registered in the PRC represent the best efforts made by management of the Company to translate its Chinese name as it does not have official English names.

(b) The joint venture was disposed in 2024.

The joint venture is accounted for using the equity method in the Historical Financial Information.

18 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Vehicles	Electronic equipment	Office equipment and others	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Group							
Cost							
As of 1 January 2022	81,539	8,287	74,046	3,597	–	10,981	178,450
Additions	–	1,741	4,019	1,119	210,907	9,891	227,677
Transfer from investment properties	393	–	–	–	–	–	393
Disposal	–	(350)	(7,631)	(16)	–	–	(7,997)
Reduction from disposal of a subsidiary	–	–	(83)	–	–	–	(83)
As of 31 December 2022 and 1 January 2023	81,932	9,678	70,351	4,700	210,907	20,872	398,440
Additions	–	447	2,626	83	208	1,149	4,513
Acquired through business combinations	–	8	1,551	83	–	–	1,642
Disposal	–	–	(13,881)	(126)	–	(1,062)	(15,069)
As of 31 December 2023 and 1 January 2024	81,932	10,133	60,647	4,740	211,115	20,959	389,526
Additions	–	500	2,264	873	80,918	2,555	87,110
Disposal	–	–	(2,077)	(609)	–	(704)	(3,390)
As of 31 December 2024	81,932	10,633	60,834	5,004	292,033	22,810	473,246
Depreciation							
As of 1 January 2022	20,979	4,060	53,327	2,148	–	1,325	81,839
Provided for the year	2,794	704	7,480	339	–	3,617	14,934
Transfer from investment properties	109	–	–	–	–	–	109
Disposal	–	(333)	(7,032)	(11)	–	–	(7,376)
Reduction from disposal of a subsidiary	–	–	(29)	–	–	–	(29)
As of 31 December 2022 and 1 January 2023	23,882	4,431	53,746	2,476	–	4,942	89,477
Provided for the year	2,794	807	5,202	504	–	5,334	14,641
Acquired through business combinations	–	7	1,262	79	–	–	1,348
Disposal	–	–	(13,176)	(109)	–	(1,062)	(14,347)
As of 31 December 2023 and 1 January 2024	26,676	5,245	47,034	2,950	–	9,214	91,119
Provided for the year	2,794	807	4,009	501	–	5,403	13,514
Disposal	–	–	(1,807)	(503)	–	(704)	(3,014)
As of 31 December 2024	29,470	6,052	49,236	2,948	–	13,913	101,619
Impairment							
As of 1 January 2022	–	–	353	–	–	–	353
Provided for the year	–	–	–	–	–	–	–
Disposal	–	–	(324)	–	–	–	(324)
As of 31 December 2022 and 1 January 2023	–	–	29	–	–	–	29
Provided for the year	–	–	–	–	–	–	–
As of 31 December 2023 and 1 January 2024	–	–	29	–	–	–	29
Provided for the year	–	–	–	–	–	–	–
As of 31 December 2024	–	–	29	–	–	–	29
Net book value							
As of 31 December 2022	58,050	5,247	16,576	2,224	210,907	15,930	308,934
As of 31 December 2023	55,256	4,888	13,584	1,790	211,115	11,745	298,378
As of 31 December 2024	52,462	4,581	11,569	2,056	292,033	8,897	371,598

	Vehicles	Electronic equipment	Office equipment and others	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Company					
Cost					
As of 1 January 2022	4,766	66,469	2,592	9,031	82,858
Additions	1,741	3,833	1,054	9,491	16,119
Disposal	–	(3,953)	–	–	(3,953)
As of 31 December 2022 and 1 January 2023	6,507	66,349	3,646	18,522	95,024
Additions	447	2,524	82	1,626	4,679
Disposal	–	(13,565)	(50)	(14)	(13,629)
As of 31 December 2023 and 1 January 2024	6,954	55,308	3,678	20,134	86,074
Additions	–	2,238	832	2,555	5,625
Disposal	–	(1,296)	(545)	(704)	(2,545)
As of 31 December 2024	6,954	56,250	3,965	21,985	89,154

	Vehicles	Electronic equipment	Office equipment and others	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation and impairment					
As of 1 January 2022	2,074	47,225	1,459	445	51,203
Provided for the year	492	7,246	219	3,160	11,117
Disposal	–	(3,756)	–	–	(3,756)
As of 31 December 2022 and 1 January 2023	2,566	50,715	1,678	3,605	58,564
Provided for the year	639	4,941	415	5,050	11,045
Disposal	–	(12,989)	(48)	(13)	(13,050)
As of 31 December 2023 and 1 January 2024	3,205	42,667	2,045	8,642	56,559
Provided for the year	607	3,750	468	5,312	10,137
Disposal	–	(1,221)	(466)	(704)	(2,391)
As of 31 December 2024	3,812	45,196	2,047	13,250	64,305
Net book value					
As of 31 December 2022	3,941	15,634	1,968	14,917	36,460
As of 31 December 2023	3,749	12,641	1,633	11,492	29,515
As of 31 December 2024	3,142	11,054	1,918	8,735	24,849

19 INVESTMENT PROPERTIES

The Group

	Buildings
	RMB'000
Costs	
As of 1 January 2022	23,513
Transfer to PPE	(393)
As of 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	23,120
Depreciation and impairment	
As of 1 January 2022	6,002
Provided for the year	1,098
Transfer to PPE	(109)
As of 31 December 2022 and 1 January 2023	6,991
Provided for the year	1,098
As of 31 December 2023 and 1 January 2024	8,089
Provided for the year	1,098
As of 31 December 2024	9,187
Carrying amounts	
As of 31 December 2022	16,129
As of 31 December 2023	15,031
As of 31 December 2024	13,933

The investment properties are stated at cost less accumulated depreciation.

20 LEASES

(a) Amounts recognized in the consolidated statements of financial positions

The consolidated statements of financial positions show the following amounts relating to leases:

The Group

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
– Leasehold buildings	23,842	13,952	27,278
	23,842	13,952	27,278
Lease liabilities			
– Current	15,550	12,871	7,328
– Non-current	8,565	844	20,815
	24,115	13,715	28,143

Additions to leasehold buildings during the years ended 31 December 2022, 31 December 2023 and 31 December 2024 were approximately RMB11.6 million, RMB11.0 million and RMB31.0 million, respectively.

The Company

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
– Leasehold buildings	28,761	15,888	26,970
	28,761	15,888	26,970
Lease liabilities			
– Current	26,573	15,488	7,140
– Non-current	9,816	607	20,766
	36,389	16,095	27,906

(b) Amounts recognized in the consolidated statements of profit or loss and other comprehensive income

The consolidated statements of profit or loss and other comprehensive income show the following amounts relating to leases:

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of right-of-use assets *(Note 7)*	17,430	16,852	17,342
Interest expense *(Note 12)*	1,218	655	1,149
Expense relating to short-term leases	2,212	2,856	3,762
Gain on termination of right-of-use assets *(Note 10)*	6	104	33

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of right-of-use assets	19,278	19,190	22,772
Interest expense	1,721	1,010	1,264
Expense relating to short-term leases	1,633	1,550	2,498
Gain on termination of right-of-use assets	5	4	33

(c) The Group's leasing activities and how these are accounted for

The Group leases various buildings for operation. Rental contracts of the leasehold buildings are typically made according to contracts by contracts ranging from one year to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

(d) Movement of right-of-use assets

The Group

	Leasehold buildings
	RMB'000
Costs	
As of 1 January 2022	38,976
Additions	11,618
Disposals	(9,787)
As of 31 December 2022 and 1 January 2023	40,807
Additions	9,650
Acquired through business combinations	1,399
Disposals	(10,905)
As of 31 December 2023 and 1 January 2024	40,951
Additions	31,020
Disposals	(14,617)
As of 31 December 2024	57,354
Depreciation and impairment	
As of 1 January 2022	9,025
Provided for the year	17,430
Disposals	(9,490)
As of 31 December 2022 and 1 January 2023	16,965
Provided for the year	16,852
Acquired through business combinations	1,224
Disposals	(8,042)
As of 31 December 2023 and 1 January 2024	26,999
Provided for the year	17,342
Disposals	(14,265)
As of 31 December 2024	30,076
Carrying amounts	
As of 31 December 2022	23,842
As of 31 December 2023	13,952
As of 31 December 2024	27,278

The Company

	Leasehold buildings
	RMB'000
Costs	
As of 1 January 2022	44,270
Additions	13,765
Disposals	(4,410)
As of 31 December 2022 and 1 January 2023	53,625
Additions	6,402
Disposals	(12,786)
As of 31 December 2023 and 1 January 2024	47,241
Additions	34,206
Disposals	(25,908)
As of 31 December 2024	55,539

	Leasehold buildings
	RMB'000
Depreciation and impairment	
As of 1 January 2022	9,913
Provided for the year	19,279
Disposals	(4,328)
As of 31 December 2022 and 1 January 2023	24,864
Provided for the year	19,190
Disposals	(12,701)
As of 31 December 2023 and 1 January 2024	31,353
Provided for the year	22,772
Disposals	(25,556)
As of 31 December 2024	28,569
Carrying amounts	
As of 31 December 2022	28,761
As of 31 December 2023	15,888
As of 31 December 2024	26,970

21 GOODWILL

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As of the beginning of the year	12,542	12,542	30,961
Acquisition of subsidiaries	–	18,419	–
As of the end of the year	12,542	30,961	30,961
Impairment			
As of the beginning of the year	3,137	12,542	12,542
Provide for the year	9,405	–	–
As of the end of the year	12,542	12,542	12,542
Carrying values			
As of the end of the year	–	18,419	18,419

Note: Goodwill is recognized in connection with business acquisitions. The cost of goodwill increased from approximately RMB12.54 million as of 31 December 2022 to RMB30.96 million as of 31 December 2023, mainly due to the acquisition of 北京微通新成網絡科技有限公司.

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
User Experience Division CGU	–	–	–
宇信數據科技有限公司 CGU	–	–	–
北京微通新成網絡科技有限公司 CGU	–	18,419	18,419
As of the end of the year	–	18,419	18,419

As stated in Note 2.2.16, goodwill would be tested for impairment annually, at the end of the reporting period. If the carrying amount exceeds its estimated recoverable amount, which is the higher of value in use and fair value less costs of disposal, the difference of which would be recognized in profit and loss immediately.

Assumptions were used in the value-in-use calculations of CGUs as of 31 December 2022, 2023 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

As of 31 December 2022, 2023 and 2024, the recoverable amounts of the CGU were determined from value-in-use calculations based on cash flow projections which were based on financial forecasts covering the expected life of 5 years of the operation. Management determined budgeted gross margin based on past performance and the expected future performance. The discount rates reflect the specific risks relating to the CGUs. The price of products and services sold by each CGU were with reference to current market information available at the time of impairment assessment.

The cash flow projections covered a period approved by management as follows:

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
User Experience Division CGU	N/A	N/A	N/A
宇信數據科技有限公司 CGU	N/A	N/A	N/A
北京微通新成網絡科技有限公司 CGU	N/A	5 years	5 years

The Group acquired 北京優迪信息技術有限公司("北京優迪") in 2015. The Group set up the User Experience Division after the acquisition of 北京優迪, injected the business and team personnel of 北京優迪 and separately accounted for the operating performance of the user experience division for business integration and management efficiency. As a result, the Group regarded User Experience Division as one CGU. At the end of 2022, the Group decided to cancel the User Experience Division department due to the weak performance, and therefore the full amount of impairment loss of goodwill of User Experience Division CGU was made.

The growth rate of revenue applied to the cash flow projections are as follows:

	As of 31 December		
	2022	2023	2024
	%	%	%
User Experience Division CGU	N/A	N/A	N/A
宇信數據科技有限公司 CGU	N/A	N/A	N/A
北京微通新成網絡科技有限公司 CGU	N/A	5-23	5-9

This growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry.

The discount rates applied to the cash flow projections are as follows:

	As of 31 December		
	2022	2023	2024
	%	%	%
User Experience Division CGU	N/A	N/A	N/A
宇信數據科技有限公司 CGU	N/A	N/A	N/A
北京微通新成網絡科技有限公司 CGU	N/A	12	12

The discount rate is the expected return of the Group's assets that reflects current market assessments of the time value of money and the specific risk associated with the CGU, after taking into account the weighted average cost of equity and debt.

Other key assumptions for the value-in-use calculations related to the estimation of cash inflows/outflows include budgeted sales and gross margins, such estimation is based on the CGU's past performance and management's expectations for the market development.

As of 31 December 2023 and 2024, the recoverable amount of 北京微通新成網絡科技有限公司 CGU is approximately RMB69.99 million and RMB67.86 million, respectively. No impairment loss was made.

22 INTANGIBLE ASSETS

The Group

	Software copyright	Software	Trademark	Development expenditure	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
As of 1 January 2022	11,180	50,858	175	–	62,213
Additions	–	1,839	–	–	1,839
Disposals	–	(251)	–	–	(251)
As of 31 December 2022 and 1 January 2023	11,180	52,446	175	–	63,801
Additions	–	2,319	–	–	2,319
Acquired through business combinations	5,000	–	–	–	5,000
Disposals	–	(73)	–	–	(73)
As of 31 December 2023 and 1 January 2024	16,180	54,692	175	–	71,047
Additions	–	16	–	3,568	3,584
Disposals	–	(37,991)	–	–	(37,991)
As of 31 December 2024	16,180	16,717	175	3,568	36,640
Amortisation and impairment					
As of 1 January 2022	8,995	49,830	24	–	58,849
Provided for the year	904	455	22	–	1,381
Eliminated on disposals	–	(251)	–	–	(251)
As of 31 December 2022 and 1 January 2023	9,899	50,034	46	–	59,979
Provided for the year	1,404	1,033	22	–	2,459
Acquired through business combinations	250	–	–	–	250
Eliminated on disposals	–	(73)	–	–	(73)
As of 31 December 2023 and 1 January 2024	11,553	50,994	68	–	62,615
Provided for the year	1,377	1,060	22	–	2,459
Eliminated on disposals	–	(37,991)	–	–	(37,991)
As of 31 December 2024	12,930	14,063	90	–	27,083
Net book value					
As of 31 December 2022	1,281	2,412	129	–	3,822
As of 31 December 2023	4,627	3,698	107	–	8,432
As of 31 December 2024	3,250	2,654	85	3,568	9,557

The Company

	Software	Trademark	Development expenditure	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
As of 1 January 2022	8,796	175	–	8,971
Additions	1,839	–	–	1,839
Disposals	–	–	–	–
As of 31 December 2022 and 1 January 2023	10,635	175	–	10,810
Additions	2,303	–	–	2,303
Disposals	(73)	–	–	(73)
As of 31 December 2023 and 1 January 2024	12,865	175	–	13,040
Additions	16	–	3,637	3,653
As of 31 December 2024	12,881	175	3,637	16,693
Amortisation and impairment				
As of 1 January 2022	7,939	24	–	7,963
Provided for the year	382	22	–	404
Eliminated on disposals	–	–	–	–
As of 31 December 2022 and 1 January 2023	8,321	46	–	8,367
Provided for the year	959	22	–	981
Eliminated on disposals	(73)	–	–	(73)
As of 31 December 2023 and 1 January 2024	9,207	68	–	9,275
Provided for the year	1,025	21	–	1,046
As of 31 December 2024	10,232	89	–	10,321
Net book value				
As of 31 December 2022	2,314	129	–	2,443
As of 31 December 2023	3,658	107	–	3,765
As of 31 December 2024	2,649	86	3,637	6,372

23 DEFERRED TAX ASSETS

The following is a summary of the deferred tax balances of the Group for financial reporting purposes:

The Group

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	29,487	32,628	28,354
Set-off with deferred tax liabilities pursuant to set-off provisions	(1,927)	(1,284)	(2,708)
	27,560	31,344	25,646
Deferred tax liabilities	(2,106)	(1,831)	(3,964)
Set-off with deferred tax assets pursuant to set-off provisions	1,927	1,284	2,708
	(179)	(547)	(1,256)
	27,381	30,797	24,390

The following is a summary of the deferred tax balances of the Company for financial reporting purposes:

The Company

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	22,245	26,010	21,922
Set-off with deferred tax liabilities pursuant to set-off provisions	(2,876)	(1,589)	(2,697)
	19,369	24,421	19,225
Deferred tax liabilities	(2,876)	(1,623)	(3,548)
Set-off with deferred tax assets pursuant to set-off provisions	2,876	1,589	2,697
	–	(34)	(851)
	19,369	24,387	18,374

The followings are the major deferred tax assets and liabilities recognized and movements thereon before offsetting during the Track Record Period:

The Group

	Lease liability	Unrealized intercompany profits	Impairment allowance	Share-based compensation expenses	Deferred income	ROU asset	Fair value adjustment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2022	2,730	8,910	11,747	7,484	–	(2,729)	1,208	29,350
Credit/(charged) to other comprehensive income	–	–	–	–	–	–	97	97
Credit/(charged) to profit or loss	(795)	470	4,998	(7,484)	–	802	(57)	(2,066)
As of 31 December 2022 and 1 January 2023	1,935	9,380	16,745	–	–	(1,927)	1,248	27,381
Credit/(charged) to other comprehensive income	–	–	–	–	–	–	43	43
Arising from the acquisition of a subsidiary	–	–	–	–	–	–	(559)	(559)
Credit/(charged) to profit or loss	(650)	(3,077)	1,896	2,929	2,000	637	197	3,932
As of 31 December 2023 and 1 January 2024	1,285	6,303	18,641	2,929	2,000	(1,290)	929	30,797
Credit/(charged) to other comprehensive income	–	–	–	–	–	–	(778)	(778)
Credit/(charged) to profit or loss	1,517	(3,047)	(71)	(694)	(2,000)	(1,418)	84	(5,629)
As of 31 December 2024	2,802	3,256	18,570	2,235	–	(2,708)	235	24,390

The Company

	Lease liability	Impairment allowance	Share-based compensation expenses	Deferred income	ROU asset	Fair value adjustment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2022	3,453	12,439	4,871	–	(3,436)	1,330	18,657
Credit/(charged) to other comprehensive income	–	–	–	–	–	97	97
Credit/(charged) to profit or loss	186	4,740	(4,871)	–	560	–	615
As of 31 December 2022 and 1 January 2023	3,639	17,179	–	–	(2,876)	1,427	19,369
Credit/(charged) to other comprehensive income	–	–	–	–	–	43	43
Credit/(charged) to profit or loss	(2,029)	1,178	2,575	2,000	1,287	(36)	4,975
As of 31 December 2023 and 1 January 2024	1,610	18,357	2,575	2,000	(1,589)	1,434	24,387
Credit/(charged) to other comprehensive income	–	–	–	–	–	(778)	(778)
Credit/(charged) to profit or loss	1,181	(2,741)	(553)	(2,000)	(1,108)	(14)	(5,235)
As of 31 December 2024	2,791	15,616	2,022	–	(2,697)	642	18,374

24 INVENTORIES

As of 31 December 2022, 31 December 2023 and 31 December 2024, the inventories held by the Group for sales are shown by category as below:

The Group

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw material	949	807	–
Work-in-progress	778	780	–
Finished goods	137	3,450	3,276
Good-in-transit	274,718	151,107	38,173
Less: provision	(1,864)	(1,724)	–
	274,718	154,420	41,449

During the years ended 31 December 2022, 31 December 2023 and 31 December 2024, inventories recognized as cost of sales amounted to RMB759.8 million, RMB1,285.8 million, and RMB680.5 million, respectively, and including reversal of provision for inventories recognized as cost of sales amounted to RMB nil, RMB0.1 million and RMB nil, respectively.

The Company

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw material	949	807	–
Work-in-progress	778	780	–
Finished goods	137	137	–
Good-in-transit	271,531	57,108	36,298
Less: provision	(1,864)	(1,724)	–
	271,531	57,108	36,298

Provision for inventories was recognized for the amount by which the carrying amount of the inventories exceeds its net realizable value and was recorded in "cost of sales" in the consolidated statements of profit or loss and other comprehensive income. Provision for inventories movements for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 are as below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
As of the beginning of the year	2,262	1,864	1,724
Reversal	–	(140)	–
Written off	(398)	–	(1,724)
As of the end of the year	1,864	1,724	–

25 CONTRACT FULFILMENT COSTS

The Group

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contract fulfilment costs *(a)*	981,409	1,002,958	1,019,029
Less: provision	(46,009)	(41,043)	(35,531)
	935,400	961,915	983,498

(a) Contract fulfilment costs mainly include the employee costs and software and hardware products purchased to be consumed in the process of service rendering related to the sales contracts.

During the years ended 31 December 2022, 31 December 2023 and 31 December 2024, contract fulfilment costs recognized as cost of sales amounted to RMB2,402.8 million, RMB2,578.2 million, and RMB2,133.5 million, respectively, and including provision for contract fulfilment costs recognized as cost of sales amounted to RMB36.3 million, RMB11.6 million and RMB5.8 million, respectively.

The Company

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contract fulfill costs	1,036,383	1,019,542	1,026,051
Less: provision	(46,009)	(41,043)	(35,531)
	990,374	978,499	990,520

Provision for contract fulfilment costs was recognized for the amount by which the carrying amount of the contract fulfilment costs exceeds its net realizable value and was recorded in "cost of sales" in the consolidated statements of profit or loss and other comprehensive income. Provision for contract fulfilment costs movements for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 are as below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
As of the beginning of the year	13,266	46,009	41,043
	–	–	–
Provision	36,311	11,593	5,775
Written off	(3,568)	(16,559)	(11,287)
As of the end of the year	46,009	41,043	35,531

26 FINANCIAL INSTRUMENTS BY CATEGORY

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at FVTPL *(Note 27)*	22,282	61,066	70,284
Financial assets at FVTOCI *(Note 28)*	4,726	19,701	27,470
Financial assets at amortized cost:			
– Trade receivables *(Note 31)*	1,285,114	1,166,790	785,590
– Other receivables (excluded prepayments and VAT recoverable) *(Note 29)*	26,774	71,271	20,855
– Cash and cash equivalents *(Note 32)*	2,282,260	2,034,281	2,682,327
– Restricted bank deposits *(Note 32)*	2,286	3,730	27,474
	3,623,442	3,356,839	3,614,000
Financial liabilities			
Financial liabilities at amortized cost:			
– Trade and notes payables *(Note 34)*	365,618	376,940	436,243
– Other payables and accruals (excluding payroll and welfare payables and other taxes payable) *(Note 35)*	111,760	66,876	44,083
– Borrowings *(Note 33)*	295,819	–	11,000
– Lease liabilities *(Note 20)*	24,115	13,715	28,143
	797,312	457,531	519,469

27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at FVTPL:

- fund investments that do not qualify for measurement at either amortized cost or at FVTOCI;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognize fair value gains or losses through OCI.

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
The Group			
Financial assets			
Non-current assets			
Financial assets at FVTPL			
– Unlisted fund investments *(a)*	9,337	45,322	51,942
	9,337	45,322	51,942
Current assets			
Financial assets at FVTPL			
– Wealth management products ("WMPs") *(b)*	–	4,045	13,368
– Unlisted equity investment *(c)*	12,945	11,699	4,974
	12,945	15,744	18,342

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
The Company			
Financial assets			
Non-current assets			
Financial assets at FVTPL			
– Unlisted fund investment	–	45,322	45,509
	–	45,322	45,509

(a) In April 2023, the Group acquired an additional 22.5% interest in 宇新(廈門)大數據股權投資基金合夥企業(有限合夥) from its shareholder, Mr. Hong Weidong, for a total consideration of RMB83,723,300. Following this transaction, the Group's aggregate ownership increased to 25%. Consequently, the investment of 2.5% interest in 宇新(廈門)大數據股權投資基金合夥企業(有限合夥) was reclassified from financial assets at fair value through profit or loss ("FVTPL") to investment in an associate.

In February 2023, the Company entered into an agreement to invest in 9.9562% equity interests of 廣州華僑電聲宇獅股權投資基金合夥企業(有限合夥) with a total investment of RMB45 million. The consideration was paid fully in April 2023. As a shareholder, the Group has no significant influence based on the fact that no representation on the board of directors or other special rights is over the limited company. Hence, the investment is accounted for as financial assets at FVTPL with changes in the fair value recorded in the consolidated statements of profit or loss and other comprehensive income.

In January 2024, the Company entered into an agreement to invest in equity interests of Lion X Digital Innovation Investment Fund with a total investment of USD10 million. The investment of USD1 million was paid in May 2024. As a shareholder with interest of 11.58%, the Group has no significant influence based on the fact that no representation on the board of directors or other special rights is over the limited company. Hence, the investment is accounted for as financial assets at FVTPL with changes in the fair value recorded in the consolidated statements of profit or loss and other comprehensive income.

The unlisted fund investments are classified as non-current or current as the management expects to realize these financial assets after twelve months or within twelve months after each reporting period during the Track Record Period respectively.

(b) Wealth management products at FVTPL represents the subscription of the wealth management products of several financial institutions in PRC which are unsecured and with variable interest rates. The deposits can be purchased or disposed at any date during the open days. The Group measures the investments at fair value using the quoted subscription or redemption prices published by the bank.

(c) In 2024, the Group entered into an agreement to dispose all equity interests of a limited company, Tegus Canada Exchange Co, Inc held by the Group. The consideration was received fully in July 2024.

28 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As of 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVTOCI			
– Unlisted equity investments	4,726	19,701	27,470

In October 2022, the Company entered into an agreement to invest in 1.47% equity interests of 蘇州吉唄思數據技術有限公司 with a total investment of RMB19.40 million. The consideration was paid fully as of October 2023. In July 2024, the Company's equity interest of 蘇州吉唄思數據技術有限公司 decreased to 1.458% due to the additional investment from another investor in 蘇州吉唄思數據技術有限公司 with the amount of RMB15 million. As a shareholder, the Company has no significant influence based on the fact that no representation on the board of directors or other special rights is over the limited company. The management has determined the investment as financial assets at FVTOCI with changes in the fair value recorded in the other comprehensive income.

29 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for acquisition of PPE	–	7,874	16,275
	–	7,874	16,275
Current			
Prepayments made to the third-party suppliers	48,558	9,774	36,371
Prepayments made to the related-party suppliers	759	–	624
Amount due from the employee *(a)*	437	174	69
Amount due from associates *(b)*	563	50,578	563
Amount due from the related parties *(c)*	2,252	2,276	2,782
Amount due from the third parties	5	62	124
Deposits	24,487	19,383	18,553
Amount due from the third parties for equity transfer	1,838	1,864	1,608
VAT and other tax recoverable	1,071	2,049	6,029
	79,970	86,160	66,723
Less: provision for impairment	(2,808)	(3,066)	(2,844)
	77,162	83,094	63,879

(a) As of 31 December 2022, 31 December 2023 and 31 December 2024, amount due from the employee were mainly petty cash. The petty cash was non-trade in nature, unsecured, interest free and repayable on demand.

(b) In December 2023, the Company entered into a deposit agreement of shareholders with 湖北消費金融股份有限公司, which is the associate of the Company. According to the agreement, the Company should deposit RMB50 million into the accounts of 湖北消費金融股份有限公司 with the interest of 3.6% and the expiration of six months. The amount is non-trade in nature, unsecured, interest beard and repayable according to the contract.

The remaining amount due from associates is non-trade in nature, unsecured, interest free and repayable on demand.

(c) Amount due from the related parties is non-trade in nature, unsecured, interest free and repayable on demand.

The Company

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for acquisition of PPE *(e)*	–	7,874	16,275
	–	7,874	16,275
Current			
Prepayments made to the third-party suppliers	47,145	7,064	34,582
Prepayments made to the subsidiaries suppliers	27,835	108,267	208,459
Prepayments made to the related-party suppliers	759	–	624
Amount due from the employee *(a)*	256	75	58
Amount due from associates	563	50,578	563
Amount due from related parties	2,252	2,276	2,782
Amount due from subsidiaries	185,534	314,760	34,110
Amount due from the third parties	–	47	121
Deposits	22,656	17,607	17,337
Amount due from the third parties for equity transfer	280	280	–
	287,280	500,954	298,636
Less: provision for impairment	(12,956)	(11,481)	(10,975)
	274,324	489,473	287,661

Amount due from the subsidiaries was unsecured, interest free and repayable on demand.

30 CONTRACT ASSETS

The Group

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Carrying amount	6,301	7,665	9,384
Less: provision for impairment	(867)	(733)	(817)
	5,434	6,932	8,567
Current assets			
Carrying amount	75,863	90,915	73,579
Less: provision for impairment	(2,863)	(4,580)	(3,185)
	73,000	86,335	70,394

Contract assets are generally the final payments of revenue contracts which are due at the end of the quality assurance period (generally 1-3 years) and the service provided for some on-going maintenance contracts where the payment from customers is subject to the final completion of the full contract term. Contract assets are recorded as the Group has no right on these amounts of consideration when the revenue is recognized.

The Company

	As of 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Carrying amount	6,260	6,662	8,239
Less: provision for impairment	(863)	(687)	(744)
	5,397	5,975	7,495
Current assets			
Carrying amount	73,917	87,582	69,968
Less: provision for impairment	(2,800)	(4,366)	(2,883)
	71,117	83,216	67,085

31 TRADE RECEIVABLES

The Group

	As of 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– The third party	1,356,310	1,260,107	875,719
– Associates	36,871	37,844	37,065
– The related party	5,455	11,048	8,291
	1,398,636	1,308,999	921,075
Less: provision for impairment *(Note 3.1(b))*	(113,522)	(142,209)	(135,485)
	1,285,114	1,166,790	785,590

The Group usually grants a credit period within 180 days to its customers, depending on the specific payment terms in each contract. As of 31 December 2022, 31 December 2023 and 31 December 2024, the aging analysis of trade receivables based on revenue recognition date of gross trade receivables are as follows:

	As of 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	1,088,155	905,137	567,273
1 to 2 years	192,786	230,498	160,885
2 to 3 years	43,483	75,777	99,616
3 to 4 years	42,931	38,141	46,518
4 to 5 years	13,975	30,812	25,184
over 5 years	17,306	28,634	21,599
	1,398,636	1,308,999	921,075

The Company

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– The third party	1,246,254	1,081,450	772,653
– Subsidiaries	91,484	37,482	31,039
– Associates	23,571	1,489	706
– The related party	1,409	4,436	7,028
	1,362,718	1,124,857	811,426
Less: provision for impairment *(Note 3.1(b))*	(107,301)	(124,266)	(106,032)
	1,255,417	1,000,591	705,394

The Company usually grants a credit period within 180 days to its customers, depending on the specific payment terms in each contract. As of 31 December 2022, 31 December 2023 and 31 December 2024, the aging analysis of trade receivables based on revenue recognition date of gross trade receivables are as follows:

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	1,062,474	767,239	516,449
1 to 2 years	181,845	199,391	143,338
2 to 3 years	45,481	62,689	69,792
3 to 4 years	42,815	40,602	35,265
4 to 5 years	12,845	30,714	25,130
over 5 years	17,258	24,222	21,452
	1,362,718	1,124,857	811,426

32 CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS

The Group

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	2,282,260	2,034,281	2,682,327
Restricted bank deposits *(a)*	2,286	3,730	27,474

(a) As of 31 December 2022, 31 December 2023 and 31 December 2024, the restricted deposits were mainly denominated in RMB and held in separate designed bank accounts as security deposits.

The Company

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	1,840,320	1,390,020	2,072,058
Restricted bank deposits *(a)*	2,286	3,598	27,274

33 BORROWINGS

The Group

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Borrowings included in current liabilities			
Pledged bank borrowings *(a)*	295,819	–	5,000
Credit bank borrowings *(b)*	–	–	6,000
	295,819	–	11,000

The following table sets out the maturity profile of the total borrowings as of each of the reporting periods:

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
On demand or within one year	295,819	–	11,000
	295,819	–	11,000

(a) Pledged bank borrowings

(i) The bank borrowings of the Group amounting to RMB300 million and RMB5 million were secured by its trade receivable as of 31 December 2022 and 2024 respectively. The balance had been deducted from the prepaid interest amount of RMB4.18 million as of 31 December 2022.

(ii) The range of interest rates of pledged bank borrowings were 1.38% to 2.70% and 3.00% for the years ended 31 December 2022 and 2024 respectively.

(b) Credit bank borrowings

(i) In December 2024, the Group entered into a one-year loan facility agreement with China Merchants Bank Co., Ltd. which provided the Group a credit limit in an aggregate principal amount of RMB10 million. As of 31 December 2024, the Group drew down borrowings with the amount of RMB6 million under the facility with an interest rate of 2.90% per annum which shall be repaid by June 2025.

(ii) The interest rate of credit bank borrowings was 2.90% for the years ended 31 December 2024.

34 TRADE AND NOTES PAYABLES

The suppliers usually grant a credit period of 90 days to 180 days to the Group and the Company. As of 31 December 2022, 31 December 2023 and 31 December 2024, the aging analysis of the trade payables based on transaction date are as follows:

The Group

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– The third party	361,296	348,134	281,279
– The associates	3,675	4,170	3,016
– The related party	647	9,867	11,074
	365,618	362,171	295,369
Notes payables	–	14,769	140,874
	365,618	376,940	436,243

As of 31 December 2022, 31 December 2023 and 31 December 2024, the aging analysis of trade payables are as follows:

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	322,482	304,115	146,707
1 to 2 years	18,170	24,983	101,265
2 to 3 years	5,843	10,478	18,259
Over 3 years	19,123	22,595	29,138
	365,618	362,171	295,369

The carrying amounts of trade payables are considered approximately to their fair values.

The Company

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– The third party	353,950	271,488	251,670
– Subsidiaries	258,170	103,583	48,379
– Associates	3,675	3,791	3,016
– The related party	615	3,215	3,961
	616,410	382,077	307,026
Notes payables	–	14,769	140,874
	616,410	396,846	447,900

As of 31 December 2022, 31 December 2023 and 31 December 2024, the aging analysis of trade payables are as follows:

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	559,938	302,020	164,829
1 to 2 years	28,785	34,240	93,020
2 to 3 years	10,126	20,849	19,276
Over 3 years	17,561	24,968	29,901
	616,410	382,077	307,026

35 OTHER PAYABLES AND ACCRUALS

The Group

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payables	443,862	421,038	344,581
Other taxes payable	101,289	97,307	83,337
Amount due to the third parties suppliers *(a)*	14,244	13,348	13,066
Amount due to the related parties suppliers *(b)*	4,796	5,888	2,240
Payable for acquisition of PPE	3,675	2,580	764
Accruals	4,304	7,008	5,396
Deposits	212	212	53
Equity transfer payments	2,868	2,868	2,868
Restricted shares repurchase obligation payments	80,701	34,860	19,383
Others	960	112	313
	656,911	585,221	472,001

The Company

	As of 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payables	301,100	321,125	251,684
Other taxes payable	90,093	86,977	74,831
Amount due to the third parties suppliers *(a)*	10,063	7,413	7,915
Amount due to subsidiaries *(c)*	367,179	66,971	83,357
Amount due to the related parties suppliers *(b)*	4,636	2,580	1,460
Accruals	2,667	4,634	3,965
Equity transfer payments	2,868	2,868	2,868
Restricted shares repurchase obligation payments	80,701	34,860	19,383
Others	245	142	122
	859,552	527,570	445,585

(a) Amount due to the third parties are trade nature, unsecured, interest free and repayable on demand.

(b) Amount due to the related parties are trade nature, unsecured, interest free and repayable on demand.

(c) Amount due to subsidiaries are non-trade nature, unsecured, interest free and repayable on demand.

36 RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

	Restricted shares repurchase obligation payments *(Note 35)*	Lease liabilities *(Note 20)*	Borrowings *(Note 33)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2022	166,027	30,152	–	196,179
Cash flows	(11,225)	(22,265)	291,326	257,836
Interest expenses	3,855	1,218	4,493	9,566
Other non-cash movements	(77,956)	15,010	–	(62,946)
As of 31 December 2022 and 1 January 2023	80,701	24,115	295,819	400,635
Cash flows	(45,360)	(20,488)	(308,766)	(374,614)
Acquisition of a subsidiary	–	–	4,300	4,300
Interest expenses	444	655	8,294	9,393
Other non-cash movements	(925)	9,433	353	8,861
As of 31 December 2023 and 1 January 2024	34,860	13,715	–	48,575
Cash flows	30,079	(20,805)	10,746	20,020
Interest expenses	–	1,149	261	1,410
Other non-cash movements	(45,556)	34,084	(7)	(11,479)
As of 31 December 2024	19,383	28,143	11,000	58,526

Other non-cash movements included in restricted shares repurchase obligation payments mainly resulted from exercise or lapse (repurchases and cancellation) of restricted share incentive scheme and lease liabilities mainly resulted from the new leases contracts entered during the years ended 31 December 2022, 2023 and 2024.

37 COMMITMENTS

(a) As of 31 December 2022, 31 December 2023 and 31 December 2024, performance guarantees of approximately RMB10.9 million, RMB14.0 million and RMB30.9 million, respectively were given by the bank in favor of the Group's customers as security for the due performance of the Group under the contracts entered between the Group and their customers. If the Group fails to complete the contracts, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantee will be released upon completion of the service contracts. As of each reporting date during the Track Record Period, the management of the Group does not consider it is probable that a claim will be made against the Group.

(b) In February 2025, upon approval by the board of directors, the Company planned to purchase partial Yuxin Building which is rent by the Company at present from Zhuhai Yuchengxin Technologies Ltd, which is the related party of the Company.

38 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related party during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Name and relationship of related parties

Name of related parties	Relationship with the Group
Hong Weidong	The ultimate controlling shareholder
上海澤學教育科技有限公司 Shanghai Zexue Education Technology Co. Ltd	The same director
北京宇信鴻泰信息技術有限公司 Beijing Yusys Hongtai Software Technology Co., Ltd	The same director
北京宇信智雲數據科技有限公司 Beijing Yusys Zhiyun Data Technology Co. Ltd	The same director
北京百度網訊科技有限公司 Baidu.com Technology Co. Ltd *(Note a)*	Persons acting in concert with Baidu (China) Co., Ltd., a shareholder holding more than 5% of the Company's shares
珠海宇誠信科技有限公司 Zhuhai Yu Chengxin Technology Co. Ltd	The same director
珠海宇誠信物業管理有限公司 Zhuhai Yu Chengxin Property Management Co. Ltd	Controlled by controlling shareholders
成都智暄科技有限責任公司 Chengdu Zhixuan Technology Co., Ltd. *(Note b)*	Joint Venture
晉商消費金融股份有限公司 Jinshang Consumer Finance Co., Ltd.	Associate
湖北消費金融股份有限公司 Hubei Consumer Finance Co., Ltd.	Associate
趣街(天津)科技有限公司 Fun Street (Tianjin) Technology Co., Ltd.	Associate
上海宇信融泰軟件有限公司 Shanghai Yusys Rongtai Software Co., Ltd..	Associate
銅根源(北京)信息諮詢有限公司 Tonggenyuan (Beijing) Information Consulting Co., Ltd. *(Note c)*	Associate
大連同方軟銀科技股份有限公司 Dalian Tongfang SoftBank Technology Co., Ltd.	Associate
蘇州鼎信榮科技有限責任公司 Suzhou Dingxinrong Technology Co., Ltd.	Associate

Notes:

(a) Baidu.com Technology Co., Ltd., no longer to be a related party after November 2023.

(b) Chengdu Zhixuan Technology Co., Ltd., no longer to be a joint venture in 2024.

(c) Tonggenyuan (Beijing) Information Consulting Co., Ltd. No longer to be an associate in 2024.

(b) Transactions with related parties

(i) Purchase from the related parties

The Company	Relationship	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
上海澤學教育科技有限公司	Purchase services	824	1,079	59
北京宇信智雲數據科技有限公司	Purchase services	21,945	26,837	23,028
北京百度網訊科技有限公司	Purchase services	562	5	–
上海宇信融泰軟件有限公司	Purchase services	10,398	6,764	–
大連同方軟銀科技股份有限公司	Purchase services	1,146	3,603	3,950
珠海宇誠信物業管理有限公司	Purchase services	3,378	3,625	4,377

(ii) Sell to the related parties

The Company	Relationship	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
湖北消費金融股份有限公司	Sell services	24,513	22,734	19,437
晉商消費金融股份有限公司	Sell services	5,549	6,381	6,137
趣街(天津)科技有限公司	Sell services	22,650	31,202	28,534
北京百度網訊科技有限公司	Sell services	3,915	2,830	–
成都智暄科技有限責任公司	Sell services	24	–	–
大連同方軟銀科技股份有限公司	Sell services	278	–	71
北京宇信智雲數據科技有限公司	Sell services	1,188	10,671	10,800
蘇州鼎信榮科技有限責任公司	Sell services	1,841	436	136

(iii) Related leases

The Company as lessor

Lessee	Type of leases	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
北京宇信鴻泰信息技術有限公司	Buildings	164	–	–
蘇州鼎信榮科技有限責任公司	Buildings	–	88	73
北京宇信智雲數據科技有限公司	Buildings	–	57	701

The Company as lessee

Repayment of lease liabilities:

Lessor	Type of leases	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
北京宇信鴻泰信息技術有限公司	Buildings	292	206	22
珠海宇誠信科技有限公司	Buildings	7,823	8,329	11,066

Expense relating to short-term leases

Lessor	Type of leases	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
北京宇信鴻泰信息技術有限公司 . . .	Buildings	275	134	27

Interest expenses on lease liabilities

Lessor	Type of leases	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
北京宇信鴻泰信息技術有限公司 . . .	Buildings	1	1	–
珠海宇誠信科技有限公司	Buildings	772	357	113

Addition on right-of-use assets

Lessor	Type of leases	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
北京宇信鴻泰信息技術有限公司 . . .	Buildings	43	43	–
珠海宇誠信科技有限公司	Buildings	1,734	5,898	–

(iv) Related guarantee

The Company as the guaranteed party for bank borrowings

Guarantor	Guaranteed Amount	Guarantee Commencement Date	Guarantee Expiry Date	Whether the Guarantee Has Been Fulfilled
	RMB'000			
Hong Weidong . .	10,000	2022/6/21	2022/9/20	Yes
Hong Weidong . .	140,000	2022/6/28	2022/9/26	Yes

(v) Advance to/repayment from related parties

Related Party	Amount Lent	Commencement Date	Expiry Date
	RMB'000		
湖北消費金融股份有限公司	50,000	2023/12/29	2024/6/28

(vi) Transfer of Assets between Related Parties and Debt Restructuring Arrangements

Related Party	Details of Related-Party Transactions	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
上海宇信融泰軟件有限公司 . . .	Trademark Licensing Agreements	2	1	–
Hong Weidong	Acquisition of a Partnership Interest	–	83,723	–

(c) Year end balance with related parties

(i) Amounts due from related parties

	As of 31 December		
Nature of Trade/The Company	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
晉商消費金融股份有限公司	7,992	5,826	5,832
湖北消費金融股份有限公司	20,869	24,617	23,585
趣街(天津)科技有限公司	6,059	7,381	7,648
北京宇信智雲數據科技有限公司	1,305	11,048	8,291
北京百度網訊科技有限公司	4,150	–	–
蘇州鼎信榮科技有限責任公司	1,951	20	–
Prepayments			
珠海宇誠信物業管理有限公司	759	–	–
北京宇信智雲數據科技有限公司	–	–	624
Other receivables			
珠海宇誠信科技有限公司	2,252	2,276	2,782
湖北消費金融股份有限公司	563	50,578	563
Contract assets			
湖北消費金融股份有限公司	–	16	498

(ii) Amounts due to related parties

	As of 31 December		
Nature of Trade/The Company	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
上海澤學教育科技有限公司	478	1,659	1,659
北京宇信智雲數據科技有限公司	134	8,208	9,415
北京百度網訊科技有限公司	35	–	–
上海宇信融泰軟件有限公司	2,034	1,825	1,711
大連同方軟銀科技股份有限公司	1,641	2,345	1,305
北京宇信鴻泰信息技術有限公司	–	–	–
珠海宇誠信物業管理有限公司	–	–	–
Other payables			
上海澤學教育科技有限公司	1,279	1,279	1,279
北京宇信智雲數據科技有限公司	3,443	4,609	80
北京宇信鴻泰信息技術有限公司	28	–	–
北京百度網訊科技有限公司	46	–	–
珠海宇誠信物業管理有限公司	–	–	181
Hong Weidong	–	–	350
Wu Hong	–	–	350
Contract liabilities			
上海宇信融泰軟件有限公司	1	–	–
上海澤學教育科技有限公司	19	19	19
大連同方軟銀科技股份有限公司	–	35	111
晉商消費金融股份有限公司	–	321	–
蘇州鼎信榮科技有限責任公司	–	28	–
Lease liabilities			
Non-current			
珠海宇誠信科技有限公司	5,120	402	–
Current			
珠海宇誠信科技有限公司	8,369	11,013	462
北京宇信鴻泰信息技術有限公司	22	22	–

(d) Key management personnel compensation

The Company	Year ended 31 December 2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Key management personnel compensation	10,629	27,149	27,940

(e) Related party commitment

	As of 31 December 2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
As Lessor			
北京宇信鴻泰信息技術有限公司	172	–	–
As Lessee			
北京宇信鴻泰信息技術有限公司	60	24	–
珠海宇誠信科技有限公司	5,742	–	–
As the guaranteed party for performance guarantees			
Hong Weidong	4,718	785	–
Hong Weidong, Wu Hong	1,784	1,375	1,375

39 CONTINGENT LIABILITIES

No material contingent liabilities undertaken by or impacted on the Company or the Group as of each reporting date during the Track Record Period.

40 SHARE CAPITAL

Share capital is generated from founders' and investors' capital injection. The excess of total consideration raised over share capital was credited to the Company's share premium (Note 42).

Authorized and issued

The Group and Company	Number of ordinary shares	Equivalent nominal value of shares
	'000	*RMB'000*
As of 1 January 2022	661,174	661,174
Capital contribution of non-public placement *(a)*	50,452	50,452
Exercise or lapse (repurchases and cancellation) of TYPE I restricted share incentive scheme *(b)*	(948)	(948)
As of 31 December 2022 and 1 January 2023	710,678	710,678
Exercise or lapse (repurchases and cancellation) of TYPE I restricted share incentive scheme *(c)*	(6,621)	(6,621)
As of 31 December 2023, 1 January 2024 and 31 December 2024	704,057	704,057

(a) On 27 August 2021, as approved by China Securities Regulatory Commission, the Company completed a non-public placement of new A shares under general mandate in January 2022. The Company issued a total of 50,452,488 new A-share to 16 subscribers with the issued price of RMB22.1 per share. Netting off the transaction cost, the Company received a total of RMB1,096,816,000. Per the non-public placement, the Group recognized share capital of RMB50,453,000 and share premium of RMB1,046,363,000.

(b) During the year ended 31 December 2022, the Company, under the approval and authorization of the general meeting, repurchased and cancelled a total of 534,335 shares and 413,958 shares, respectively due to the unsatisfied performance conditions of the restricted shares. Hence treasury stock amounting to approximately RMB10,985,000 and share capital of approximately RMB948,000 were derecognized with a corresponding credit to share premium of approximately RMB10,385,000 and retained earnings of approximately RMB348,000 in the year ended 31 December 2022.

(c) During the year ended 31 December 2023, the Company, under the approval and authorization of the general meeting, repurchased and cancelled a total of 482,208 shares and 6,138,576 shares, respectively due to the unsatisfied performance conditions of the restricted shares. Hence treasury stock amounting to approximately RMB76,919,000 and share capital of approximately RMB6,621,000 were derecognized with a corresponding credit to share premium of approximately RMB72,680,000 and retained earnings of approximately RMB2,382,000 in the year ended 31 December 2023.

41 TREASURY STOCK

The Group and the Company

	Treasury stock
	RMB'000
As of 1 January 2022	(165,704)
Repurchase of shares *(Note a)*	(157,474)
Exercise or lapse (repurchases and cancellation) of TYPE I restricted share incentive scheme *(Note b)*	88,785
As of 31 December 2022 and 1 January 2023	(234,393)
Exercise or lapse (repurchases and cancellation) of TYPE I restricted share incentive scheme *(Note c)*	76,919
Exercise of restricted shares	14,485
As of 31 December 2023 and 1 January 2024	(142,989)
Repurchase of shares *(Note d)*	(150,004)
Exercise of restricted shares	58,803
As of 31 December 2024	(234,190)

(a) On 17 May 2022, as approved by the annual general meeting, the Company repurchased its A shares by its own funds through centralized bidding transactions, with the purpose of implementing an employee stock incentive scheme. The Company repurchased a total of 10,683,212 shares, with a total transaction value of RMB157,402,000 excluding the transaction costs. The treasury stock increased by RMB157,474,000.

(b) According to the declaration of annual dividend, the treasure stock decreased by RMB2,803,000.

A portion of restricted shares granted were unlocked due to the performance conditions were satisfied, the treasure stock decreased by RMB74,997,000.

A portion of restricted shares granted were repurchased and cancelled due to the performance conditions were unsatisfied, the treasure stock decreased by RMB10,985,000. For more details, please refer to Note 40(b).

(c) A portion of restricted shares granted were repurchased and cancelled due to the performance conditions were unsatisfied, the treasure stock decreased by RMB76,919,000. For more details, please refer to Note 40(c).

(d) On 1 February 2024, as approved by the resolution of the board of directors, the Company repurchased its A shares by its own funds through centralized bidding transactions, with the purpose of implementing an employee stock incentive scheme. The treasury stock increased by RMB150,004,000.

42 RESERVE

The Group

	Share premium	Employee share-based compensation reserve	Statutory reserves	Other comprehensive income	Other reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2022	669,777	104,052	171,413	10,050	–	955,292
Capital contribution of non-public placement	1,046,363	–	–	–	–	1,046,363
Transaction with non-controlling interests	(27,148)	–	–	–	–	(27,148)
Exercise or lapse (repurchases and cancellation) of TYPE I restricted share incentive scheme	68,190	(78,575)	–	–	–	(10,385)
Share-based compensation expenses	–	(25,477)	–	–	–	(25,477)
Other comprehensive income	–	–	–	11,470	–	11,470
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	–	(38,176)	–	(38,176)
Profit appropriations to statutory reserve	–	–	8,858	–	–	8,858
As of 31 December 2022	1,757,182	–	180,271	(16,656)	–	1,920,797

	Share premium	Employee share-based compensation reserve	Statutory reserves	Other comprehensive income	Other reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2023	1,757,182	–	180,271	(16,656)	–	1,920,797
Deregistration of a subsidiary	210	–	–	–	–	210
Exercise or lapse (repurchases and cancellation) of TYPE I restricted share incentive scheme	(72,680)	–	–	–	–	(72,680)
Share-based compensation expenses	–	45,814	–	–	–	45,814
Other comprehensive income	–	–	–	(841)	–	(841)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	–	2,103	–	2,103
Profit appropriations to statutory reserve	–	–	30,402	–	–	30,402
Exercise of restricted shares	(14,485)	–	–	–	–	(14,485)
Change of other reserve in an associate	–	–	–	–	1,774	1,774
As of 31 December 2023	1,670,227	45,814	210,673	(15,394)	1,774	1,913,094

	Share premium	Employee share-based compensation reserve	Statutory reserves	Other comprehensive income	Other reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2024	1,670,227	45,814	210,673	(15,394)	1,774	1,913,094
Exercise or lapse of restricted shares	22,649	(34,634)	–	–	–	(11,985)
Share-based compensation expenses	–	24,194	–	–	–	24,194
Change of other reserve in an associate	–	–	–	–	(4,300)	(4,300)
Other comprehensive income	–	–	–	5,858	–	5,858
Profit appropriations to statutory reserve	–	–	36,588	–	–	36,588
As of 31 December 2024	1,692,876	35,374	247,261	(9,536)	(2,526)	1,963,449

The Company

	Share premium	Employee share-based compensation reserve	Statutory reserves	Other comprehensive income	Other reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2022	692,018	104,500	169,973	(11,978)	–	954,513
Capital contribution of non-public placement	1,046,363	–	–	–	–	1,046,363
Exercise or lapse (repurchases and cancellation) of TYPE I restricted share incentive scheme	68,407	(78,792)	–	–	–	(10,385)
Share-based compensation expenses	–	(25,708)	–	–	–	(25,708)
Other comprehensive income	–	–	–	(868)	–	(868)
Profit appropriations to statutory reserve	–	–	8,858	–	–	8,858
As of 31 December 2022	1,806,788	–	178,831	(12,846)	–	1,972,773

	Share premium	Employee share-based compensation reserve	Statutory reserves	Other comprehensive income	Other reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2023	1,806,788	–	178,831	(12,846)	–	1,972,773
Exercise or lapse (repurchases and cancellation) of TYPE I restricted share incentive scheme	(72,681)	–	–	–	–	(72,681)
Share-based compensation expenses	–	45,814	–	–	–	45,814
Other comprehensive income	–	–	–	(940)	–	(940)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	–	–	–	–
Profit appropriations to statutory reserve	–	–	30,402	–	–	30,402
Exercise of restricted shares	(14,485)	–	–	–	–	(14,485)
Change of other reserve in an associate	–	–	–	–	1,774	1,774
As of 31 December 2023	1,719,622	45,814	209,233	(13,786)	1,774	1,962,657

	Share premium	Employee share-based compensation reserve	Statutory reserves	Other comprehensive income	Other reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2024	1,719,622	45,814	209,233	(13,786)	1,774	1,962,657
Exercise or lapse of restricted shares	22,649	(34,634)	–	–	–	(11,985)
Share-based compensation expenses	–	24,194	–	–	–	24,194
Change of other reserve in an associate	–	–	–	–	(4,300)	(4,300)
Other comprehensive income	–	–	–	3,635	–	3,635
Profit appropriations to statutory reserve	–	–	36,588	–	–	36,588
As of 31 December 2024	1,742,271	35,374	245,821	(10,151)	(2,526)	2,010,789

43 EQUITY-SETTLED SHARE-BASED PAYMENT

(1) 2020 Restricted Share Incentive Scheme

The Company has adopted a restricted share incentive scheme pursuant to a resolution passed in May 2020 (the "2020 Restricted Share Incentive Scheme").

The purpose of the 2020 Restricted Share Incentive Scheme is to recognize the contribution or future contribution of the Eligible Participants (as defined below) for their contribution to the Group by granting restricted shares to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group.

The Eligible Participants of the 2020 Restricted Share Incentive Scheme include the directors and employees of the Company or any of its subsidiaries.

Under the 2020 Restricted Share Incentive Scheme, the Company granted 11,979,200 Type I restricted shares, 1,376,000 Type I restricted shares and 768,480 Type I restricted shares to 421 Eligible Participants, 96 Eligible Participants and 10 Eligible Participants on 5 June 2020, 5 February 2021 and 4 June 2021, respectively. The grant price was RMB20.14 per share, RMB15.84 per share and RMB8.894 per share, respectively. On the grant date of Type I Restricted Shares, the Eligible Participants of Type I Restricted Shares were entitled to receive newly issued A Shares of the Company, with certain restrictions stipulated under the 2020 Restricted Share Incentive Scheme. The Type I restricted shares are recognized as share capital with the excess of the nominal values of the shares in share premium upon the proceeds received. The Company received cash in advance from scheme participants under the 2020 Restricted Share Incentive Scheme in the amount of RMB241,261,000 and RMB28,631,000 for the year ended 31 December 2020 and 31 December 2021 respectively. The cash received was recorded under "Other Payables and Accruals" (see Note 35) with the corresponding debit to the treasury stocks. For the Type I restricted shares granted on 5 June 2020, the locked periods are 1 year, 2 years and 3 years from the grant date. According to the Company's performance appraisal and individual performance appraisal, 40%, 30% and 30% of the Type I restricted shares will be unlocked respectively. For the Type I restricted shares granted on 5 February 2021 and 4 June 2021, the locked periods are 1 year and 2 years from the grant date. According to the Company's performance appraisal and individual performance appraisal, 50% and 50% of the Type I restricted shares will be unlocked respectively. If the Company's performance appraisal conditions or individual performance appraisal conditions are not met, the Type I restricted shares will be repurchased from the scheme participants and cancelled by the Company.

The number of Type I restricted shares granted to the Group's Eligible Participants is summarized as follows:

	Year ended 31 December		
	2022	2023	2024
Outstanding as of the beginning of the year	14,012,705	–	–
Vested and exercised	(6,443,628)	–	–
Lapsed	(7,569,077)	–	–
Outstanding and exercisable as of the end of the year	–	–	–

As approved in the shareholders' annual general meeting in April 2023, the Company's performance appraisal conditions of the third vesting period of Type I restricted shares granted on 5 June 2020 and the Company's performance appraisal conditions of the second vesting period of Type I restricted shares granted on 5 February 2021 and 4 June 2021 was not met, the Company will repurchase and cancel the Type I restricted shares granted on 5 June 2020 belongs to the third vesting period and the Type I restricted shares granted on 5 February 2021 and 4 June 2021 belongs to the second vesting period.

The Group determines the fair value of Type I restricted shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price, which is RMB20.77 per share, RMB15.21 per share and RMB8.144 per share granted on 5 June 2020, 5 February 2021 and 4 June 2021, respectively. The fair value of granted shares was RMB248,808,000, RMB20,929,000 and RMB6,259,000 for the 2020 Restricted Shares Incentive Scheme, respectively.

(2) 2023 Restricted Share Incentive Scheme

The Company has adopted a restricted share incentive scheme pursuant to a resolution passed in March 2023 (the "2023 Restricted Share Incentive Scheme").

The purpose of the 2023 Restricted Share Incentive Scheme is to recognize the contribution or future contribution of the Eligible Participants (as defined below) for their contribution to the Group by granting options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group.

The Eligible Participants of the 2023 Restricted Share Incentive Scheme include the directors, senior management, and core employees of the Company or any of its subsidiaries.

Under the 2023 Restricted Share Incentive Scheme, the Company will grant 7,413,212 Type II restricted shares to 377 eligible participants. The shares granted were repurchased by the Company from the secondary market. The grant price was RMB10.31 per share. The grant numbers of Type II restricted shares and the grant price will be adjusted before vesting if the Company undergoes any conversion of share premium, distribution of dividends of shares, share subdivision, allotment of shares, share consolidation or similar events based on the methods disclosed in the restricted share incentive scheme. The grant shares vest in two tranches: 50% after 12 months and 50% after 24 months from the grant date, 27 April 2023, subject to the Company-level performance targets (≥15% revenue/net profit growth in 2023 and ≥30% revenue/net profit growth in 2024 from 2022) and individual performance evaluations. The Eligible Participants have no voting right and dividend right before vesting. The 2023 Restricted Share Incentive Scheme has a contractual term of 2 years from the grant date. According to the 2023 Restricted Share Incentive, the granted shares can be vested when the conditions of vesting are satisfied, subject to employees' continuous service to the Group.

The number of shares under 2023 Restricted Share Incentive Scheme granted to the Group's Eligible Participants is summarized as follows:

	Year ended 31 December		
	2022	2023	2024
Outstanding as of the beginning of the year	–	–	7,413,212
Granted	–	7,413,212	–
Vested and exercised	–	–	(2,957,574)
Lapsed	–	–	(749,032)
Outstanding as of the end of the year	–	7,413,212	3,706,606
Exercisable at the end of the year	–	–	–
Weighted average remaining contractual life	N/A	15 months	3 months

The fair value of 2023 Restricted Share Incentive Scheme was estimated as of the date of grant using a Black-Scholes model, considering the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	12 months	24 months
Underlying Share Price (RMB)	17.56	17.56
Dividend yield (%)	–	–
Expected Volatility (%)	21.5688	23.4952
Risk-free interest rate (%)	1.50	2.10
Expected life of options (years)	1	2

The fair value of granted shares was RMB56,192,000 for the 2023 Restricted Share Incentive Scheme.

(3) 2023 Employee Stock Ownership Plan

The Company has adopted an Employee Stock Ownership Plan pursuant to a resolution passed by the Board of Directors in March 2023 (the "2023 ESOP").

The purpose of the 2023 ESOP is to recognize the contribution or future contribution of the Eligible Participants (as defined below) for their contribution to the Group by granting options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group.

The Eligible Participants of the 2023 ESOP include the directors, senior management, and core employees of the Company or any of its subsidiaries.

Under the 2023 ESOP, the Company granted 3,070,000 restricted shares, 80,000 restricted shares, 100,000 restricted shares and 20,000 restricted shares to the Eligible Participants on 29 March 2023, 29 August 2023, 28 September 2023 and 23 November 2023, respectively. The shares granted were repurchased by the Company from the secondary market. The grant price was RMB10.31 per share. The difference between the repurchased price of the shares and the grant price are transferred from treasury stocks to share premium upon the proceeds received. The Company received cash in advance from scheme participants under the 2023 ESOP in the amount of RMB33,713,000 for the year ended 31 December 2023. The cash received was recorded under "Other Payables and Accruals" (see Note 35) with the corresponding debit to the treasury stocks. For the restricted shares under 2023 ESOP, the locked periods are 1 year and 2 years from the grant date. According to the Company's performance appraisal and individual performance appraisal, 50% and 50% of the restricted shares will be unlocked respectively. If the Company's performance appraisal conditions and individual performance appraisal conditions are not met, the restricted shares will not be unlocked, and they will be sold to the secondary market to repay the grant price to the Eligible Participants.

The number of shares of 2023 ESOP granted to the Group's Eligible Participants is summarized as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
Outstanding as of the beginning of the year	–	–	3,270,000
Granted	–	3,270,000	–
Vested and exercised	–	–	(1,475,100)
Lapsed	–	–	(159,900)
Outstanding as of the end of the year	–	3,270,000	1,635,000
Exercisable at the end of the year	–	–	–
Weighted average remaining contractual life	N/A	15 months	3 months

The Group determines the fair value of 2023 ESOP on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price, which is RMB9.01 per share, RMB6.71 per share, RMB6.88 per share and RMB7.02 per share, respectively. The fair value of granted shares was RMB27,645,000, RMB536,000, RMB688,000 and RMB140,000 for the 2023 ESOP, respectively.

44 DIVIDEND

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Final dividend declared after the end of each financial year during the Track Record Period of RMB0.14, RMB0.2 and RMB0.26 per ordinary share in respect of the years ended 31 December 2022, 2023 and 2024	97,999	137,174	178,714
	97,999	137,174	178,714

45 SUBSEQUENT EVENTS

[No material subsequent events undertaken by or impacted on the Company or the Group subsequent to 31 December 2024 and up the date of this report.]

III SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements have been prepared for the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2024 and up to the date of this report.]

The information set out in this Appendix II does not form part of the Accountants' Report from BDO Limited, Certified Public Accountants, the reporting accountants of the Company, as set out in Appendix I to this document, and is included herein for illustrative purposes only. The unaudited [**REDACTED**] financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company (the "Unaudited [**REDACTED**] Financial Information") prepared in accordance with paragraph 4.29 of the Listing Rules is for illustrate purpose only, and is set forth here to illustrate the effect of the [**REDACTED**] on the unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as of 31 December 2024 as if the [**REDACTED**] had taken place on 31 December 2024.

This unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the equity holders of the Company as of 31 December 2024 or at any future dates following the [**REDACTED**]. It is prepared based on the audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as of 31 December 2024 as set out in the Accountants' Report on historical financial information of the Group, the text of which is set out in Appendix I to this Document, and adjusted as described below.

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

SHARES AND REGISTERED CAPITAL

The Company's shares are in the form of stock.

The issuance of the Company's shares follows the principles of openness, fairness, and justice. Each share of the same category shall have equal rights.

Shares of the same category issued at the same time shall have the same issuance conditions and price. Each share subscribed for by the subscriber shall be paid for at the same price.

INCREASE, DECREASE, REPURCHASE, AND TRANSFER OF SHARES

Increase and Decrease of Shares

The Company may increase its capital by the following methods in accordance with the needs of its operation and development, in compliance with laws, regulations, and the rules of the securities regulatory authorities of the place where the Company's shares are listed, and upon resolutions passed by the Shareholders' meeting:

(i) Issuing shares to non-specific objects;

(ii) Issuing shares to specific objects;

(iii) Distributing bonus shares to existing shareholders;

(iv) Converting capital reserve into share capital;

(v) Other methods approved by laws, administrative regulations, the CSRC, and approved by the securities regulatory authorities and stock exchanges where the Company's shares are listed.

The Company may reduce its registered capital. The reduction of the Company's registered capital shall be carried out in accordance with the procedures stipulated by the PRC Company Law and other relevant regulations and the Articles of Association.

Repurchase of Shares

The company shall not acquire its own shares. However, the following circumstances shall be excluded:

(i) To reduce the Company's registered capital;

(ii) To merge with another company holding the Company's shares;

(iii) To use the shares for employee stock ownership plans or equity incentives;

(iv) To repurchase shares from shareholders who object to the resolutions on the Company's merger or division made by the Shareholders' meeting;

(v) To use the shares for converting corporate bonds issued by the Company into shares;

(vi) As necessary to safeguard the Company's value and the rights and interests of shareholders;

(vii) Other circumstances permitted by laws, administrative regulations, departmental rules and regulations, and the securities regulatory rules of the Company's stock listing place.

The Company may repurchase its own shares through public centralized trading or other methods recognized by laws, regulations, the securities regulatory rules of the Company's stock listing place.

The Company shall repurchase its own shares through public centralized trading under the circumstances specified in items (iii), (v), and (vi) above.

The Company shall repurchase its own shares upon a resolution of the Shareholders' meeting under the circumstances specified in items (i) and (ii) above. The Company shall repurchase its own shares upon a resolution of the Board of Directors with the attendance of more than two-thirds of the Directors under the circumstances specified in items (iii), (v), and (vi) above, provided that it complies with the applicable securities regulatory rules of the place where the Company's shares are listed.

After the Company repurchases its own shares in accordance with the above provisions, it shall cancel the repurchased shares within 10 days from the date of repurchase under the circumstances specified in item (i) above; it shall transfer or cancel the repurchased shares within 6 months under the circumstances specified in items (ii) and (iv) above; and it shall transfer or cancel the repurchased shares within 3 years under the circumstances specified in items (iii), (v), and (vi) above, and the total number of shares held by the Company shall not exceed 10% of the total number of shares issued by the Company. The specific implementation rules shall be implemented in accordance with the latest and effective laws, regulations or rules, etc.

Notwithstanding the above provisions, if the applicable laws, regulations, other provisions of the Articles of Association, or the laws or securities regulatory authorities of the place where the Company's shares are listed have other provisions regarding the repurchase of the Company's shares, the Company shall comply with such provisions. The repurchase of the Company's H shares shall comply with the Hong Kong Listing Rules and other relevant laws, regulations, and regulatory provisions of the place where the Company's H shares are listed.

After the Company repurchases its own shares, it shall fulfill its information disclosure obligations in accordance with the Securities Law, and other regulatory provisions of the place where the Company's shares are listed.

Transfer of Shares

The Company's shares shall be transferred in accordance with the law. Shares issued before the Company's public offering of A shares shall not be transferred within one year from the date the Company's A shares are listed and traded on the Shenzhen Stock Exchange.

Directors and senior management members of the Company shall report to the Company the shares (including preferred shares) they hold in the Company and any changes therein. During their term of office, they shall not transfer more than 25% of the total number of shares of the same category they hold in the Company each year; the shares they hold in the Company shall not be transferred within one year from the date the Company's shares are listed and traded. The above personnel shall not transfer the shares they hold in the Company within six months after leaving their positions.

If the listing rules of the place where the Company's shares are listed have other provisions on the transfer restrictions of the Company's shares, such provisions shall apply.

Shareholders who hold more than 5% of the Company's shares, Directors, and senior management members shall not sell the Company's shares or other equity securities they hold within six months after purchase, or purchase the Company's shares or other equity securities within six months after sale. Any profits obtained from such transactions shall belong to the Company, and the Company's Board of Directors shall recover such profits. However, this provision does not apply to securities companies that hold more than 5% of the Company's shares due to the purchase of remaining shares after underwriting, or other circumstances stipulated by the CSRC and the securities regulatory authorities and stock exchanges where the company's shares are listed. The above-mentioned shareholders who hold more than 5% of the company's shares do not include the recognized clearing houses and their agents as defined in the relevant ordinances that are in force from time to time in accordance with the laws of Hong Kong.

The shares or other equity securities held by Directors, senior management members, and natural person shareholders as mentioned in the preceding paragraph include those held by their spouses, parents, children, and those held in other people's accounts.

If the Company's Board of Directors fails to execute the provisions above, shareholders have the right to request the Board of Directors to execute within 30 days. If the Board of Directors fails to execute within the above period, shareholders have the right to directly file a lawsuit with the people's court in the name of itself for the benefit of the Company. If the Board of Directors fails to execute the provisions above, the directors who are responsible for such failure shall, in accordance with the law, bear joint and several liabilities.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

General Provisions on Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the securities registration institution. The register of shareholders is conclusive evidence of shareholders' ownership of the Company's shares. The original copy of the H share register of shareholders shall be kept in Hong Kong and must be available for shareholders to inspect, but the Company may suspend the registration of shareholders in accordance with applicable laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

Shareholders shall enjoy rights and bear obligations according to the types of shares they hold; shareholders holding the same type of shares shall enjoy equal rights and bear the same obligations.

Shareholders of the Company shall enjoy the following rights:

(i) To receive dividends and other forms of profit distribution according to the proportion of the shares they hold;

(ii) To request, convene, preside over, attend, or appoint a shareholder proxy to attend the Shareholders' meeting and exercise corresponding voting rights;

(iii) To supervise the Company's operations and make suggestions or inquiries;

(iv) To transfer, donate, or pledge the shares they hold in accordance with laws, administrative regulations, and the Articles of Association;

(v) To inspect and copy the Articles of Association, register of shareholders, minutes of Shareholders' meetings, resolutions of the Board of Directors, financial reports, and accounting books and vouchers of the Company if they meet the requirements;

(vi) To participate in the distribution of the Company's remaining assets according to the proportion of shares they hold when the Company is terminated or liquidated;

(vii) To request the Company to repurchase their shares if they object to the resolutions on the Company's merger or division made by the Shareholders' meeting;

(viii) Other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Shareholders requesting to inspect and copy the Company's relevant materials shall comply with the provisions of the PRC Company Law, the Securities Law, and other laws and administrative regulations.

If the content of the resolutions of the Shareholders' meeting or the Board of Directors violates laws or administrative regulations, shareholders have the right to request the people's court to determine the invalidity of the resolutions. If the procedures for convening the Shareholders' meeting or the Board of Directors or the voting methods violate laws, administrative regulations, or the Articles of Association, or if the content of the resolutions violates the Articles of Association, shareholders have the right to request the people's court to revoke the resolutions within 60 days from the date the resolutions are made. However, if the procedures for convening the Shareholders' meeting or the Board of Directors or the voting methods have only minor defects and do not have a substantial impact on the resolutions, this provision does not apply.

Shareholders of the Company shall bear the following obligations:

(i) To comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association;

(ii) To pay the share price according to the shares they subscribe for and the method of subscription;

(iii) Not to withdraw their capital except in circumstances stipulated by laws and regulations;

(iv) Not to abuse shareholder rights to damage the interests of the Company or other shareholders; not to abuse the Company's independent legal person status and shareholders' limited liability to damage the interests of the Company's creditors;

(v) Other obligations stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Shareholders who abuse their rights and cause losses to the Company or other shareholders shall bear compensation liability according to law. Shareholders who abuse the Company's independent legal person status and shareholders' limited liability to evade debts and seriously damage the interests of the Company's creditors shall bear joint and several liability for the Company's debts.

Controlling Shareholders and Actual Controllers

The Company's Controlling Shareholders and actual controllers shall exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, the CSRC, the regulatory agencies and the stock exchange where the Company's shares are listed, and shall safeguard the interests of the Company.

The Company's Controlling Shareholders and actual controllers shall comply with the following provisions:

(i) To exercise shareholder rights according to law and not to abuse control rights or use affiliated relationships to damage the legitimate rights and interests of the Company or other shareholders;

(ii) To strictly fulfill the public statements and commitments made and not to change or exempt them without authorization;

(iii) To strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure, and promptly inform the Company of major events that have occurred or are about to occur;

(iv) Not to occupy the Company's funds in any way;

(v) Not to force, instruct, or require the Company and its relevant personnel to provide guarantees in violation of laws and regulations;

(vi) Not to use the Company's undisclosed major information to seek benefits, not to disclose the Company's undisclosed major information in any way, and not to engage in illegal activities such as insider trading, short-swing trading, market manipulation, etc;

(vii) Not to damage the legitimate rights and interests of the Company and other shareholders through unfair related party transactions, profit distribution, asset restructuring, external investment, etc.;

(viii) To ensure the Company's asset integrity, personnel independence, financial independence, institutional independence, and business independence, and not to affect the Company's independence in any way;

(ix) Other provisions stipulated by laws, administrative regulations, the CSRC, the stock exchange, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

If the Company's Controlling Shareholders or actual controllers do not serve as Directors of the Company but actually execute the Company's affairs, the provisions of the Articles of Association on Directors' duties of loyalty and diligence shall apply.

If the Company's Controlling Shareholders or actual controllers instruct Directors or senior management members to engage in activities that damage the interests of the Company or shareholders, they shall bear joint and several liability with such Directors or senior management members.

General Provisions on Shareholders' Meeting

The Shareholders' meeting is the Company's authority and shall exercise the following powers according to law:

(i) To elect and replace Directors who are not appointed by employee representatives and decide on matters related to Directors' remuneration;

(ii) To examine and approve the Board of Directors' report;

(iii) To examine and approve the Company's profit distribution plan and loss recovery plan;

(iv) To make resolutions on the Company's increase or decrease of registered capital;

(v) To make resolutions on the issuance of corporate bonds;

(vi) To make resolutions on the Company's merger, division, dissolution, liquidation, or change of corporate form;

(vii) To amend the Articles of Association;

(viii) To make resolutions on the appointment and dismissal of accounting firms;

(ix) To examine and approve the guarantee matters stipulated in Article 47 of the Articles of Association and the financial assistance matters stipulated in Article 48 of the Articles of Association;

(x) To examine and approve matters related to the Company's purchase or sale of major assets exceeding 30% of the Company's total assets as of the latest audited financial statements within one year, and that although the above criteria were not met, they were subject to laws, regulations or normative documents such as the Measures for the Management of Major Assets Reorganization of Listed Companies (《上市公司重大資產重組管理辦法》) and other matters constituting a major asset reorganization of a listed company;

(xi) To examine the Company's guarantees for related (connected) persons;

(xii) To examine related (connected) transactions between the Company and related (connected) persons with an amount exceeding RMB30 million and accounting for more than 5% of the absolute value of the Company's most recent audited net assets (except for providing guarantees);

(xiii) To examine and approve changes in the use of raised funds;

(xiv) To examine and approve equity incentive plans and employee stock ownership plans;

(xv) To make a resolution on the company's acquisition of the Company's shares due to the circumstances specified in Items (1) and (2) of Article 25 of the Articles of Association;

(xvi) Review and approve the following external donations:

(a) External donations with a single proposed donation amount accounting for more than 0.5% of the Company's latest audited net assets;

(b) Any external donation after the cumulative donation amount within twelve consecutive months (including the donation amount determined within twelve months but the implementation time is beyond twelve months) reaches or exceeds 1% of the Company's latest audited net assets.

(xvii) To examine and approve other matters that should be decided by the Shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the Company's shares are listed, or the Articles of Association.

The Shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

The following external guarantee behaviors of the Company must be reviewed and approved by the Shareholders' meeting:

(i) Any guarantee provided after the total external guarantees of the Company and its controlled subsidiaries exceed 50% of the Company's net assets as of the latest audited financial statements;

(ii) Any guarantee provided to a guarantee object with a debt-to-asset ratio exceeding 70%;

(iii) Any single guarantee with an amount exceeding 10% of the Company's net assets as of the latest audited financial statements;

(iv) Any guarantee provided after the total external guarantees of the Company exceed 30% of the Company's total assets as of the latest audited financial statements;

(v) Any guarantee provide within twelve consecutive months with a guarantee amount exceeds 50% of the Company's latest audited net assets and the absolute amount exceeds RMB50 million;

(vi) Any guarantee provided within twelve consecutive months with a guarantee amount exceeding 30% of the Company's total assets as of the latest audited financial statements;

(vii) Any guarantee provided to shareholders, actual controllers, and their related (connected) parties;

(viii) Other guarantee circumstances stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

When the Shareholders' meeting reviews the guarantee matters stipulated in item (vii) of this article, the shareholders or the shareholders controlled by the actual controller shall not participate in the voting, and the voting must be approved by more than half of the voting rights held by other shareholders present at the meeting.

When the board of directors considers guarantee matters, it must be reviewed and approved by more than two-thirds of the directors present at the board meeting. The resolution in item (vi) above shall be made by the Shareholders' meeting and approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

The Shareholders' meeting is divided into annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be held once a year and shall be held within six months after the end of the previous fiscal year.

Under any of the following circumstances, the Company shall hold an extraordinary Shareholders' meeting within two months from the date of occurrence:

(i) When the number of Directors is less than the number stipulated by the PRC Company Law or two-thirds of the number stipulated by the Articles of Association;

(ii) When the Company's unrecovered losses reach one-third of the total share capital;

(iii) When shareholders who individually or jointly hold more than 10% of the Company's shares request it;

(iv) When the Board of Directors deems it necessary;

(v) When the Audit and Risk Management Committee proposes to convene;

(vi) Other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Convening of Shareholders' Meeting

The Board of Directors shall convene the Shareholders' meeting within the prescribed time limit.

With the consent of more than half of all independent Directors, independent Directors have the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback on whether to agree to convene an extraordinary Shareholders' meeting within 10 days of receiving the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days of making the board resolution; if the Board of Directors does not agree to convene an extraordinary Shareholders' meeting, it shall explain the reasons and make an announcement.

The Audit and Risk Management Committee has the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit the proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback on whether to agree to convene an extraordinary Shareholders' meeting within 10 days of receiving the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days of making the board resolution, and any changes to the original proposal in the notice shall be agreed upon by the Audit and Risk Management Committee. If the Board of Directors does not agree to convene an extraordinary Shareholders' meeting or fails to provide feedback within 10 days of receiving the proposal, it shall be deemed that the Board of Directors is unable or unwilling to perform its duties of convening the Shareholders' meeting, and the Audit and Risk Management Committee may convene and preside over the meeting on its own.

Shareholders who individually or jointly hold more than 10% of the Company's total issued share capital (including preferred shares with restored voting rights) have the right to request the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit the request in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback within 10 days after receiving the request, indicating whether it agrees or disagrees to convene the extraordinary Shareholders' meeting. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days of making the board resolution, and any changes to the original request in the notice shall be agreed upon by the relevant shareholders. If the Board of Directors does not agree to convene an extraordinary Shareholders' meeting or fails to provide feedback within 10 days of receiving the request, shareholders who individually or jointly hold more than 10% of the Company's total issued share capital (including preferred shares with restored voting rights) have the right to propose to the Audit and Risk Management Committee to convene an extraordinary Shareholders' meeting and shall submit the request in writing to the Audit and Risk Management Committee. If the Audit and Risk Management Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be agreed upon by the relevant shareholders. If the Audit and Risk Management Committee fails to issue the notice of the Shareholders' meeting within the prescribed time limit, it shall be deemed that the Audit and Risk Management Committee does not convene and preside over the Shareholders' meeting, and shareholders holding more than 10% of the Company's total issued share capital (including preferred shares with restored voting rights) separately or jointly for more than 90 consecutive days may convene and preside over the meeting on their own.

If the Audit and Risk Management Committee or shareholders decide to convene the Shareholders' meeting on their own, they shall notify the Board of Directors in writing and file with the Shenzhen Stock Exchange. Before the announcement of the Shareholders' meeting resolution, the shareholding ratio of the convening shareholders (including preferred shares with restored voting rights) shall not be less than 10% of the total issued share capital. The Audit and Risk Management Committee or convening shareholders shall submit relevant proof materials to the Shenzhen Stock Exchange when issuing the notice of the Shareholders' meeting and the announcement of the Shareholders' meeting resolution.

For Shareholders' meetings convened by the Audit and Risk Management Committee or shareholders on their own, the Board of Directors and the board secretary shall cooperate. The Board of Directors shall provide the register of shareholders as of the record date.

The necessary expenses for the Shareholders' meeting convened by the Audit and Risk Management Committee or shareholders on their own shall be borne by the Company.

Proposals and Notices of the Shareholders' Meeting

The content of the proposals shall fall within the scope of the Shareholders' meeting's authority, have clear topics and specific resolution matters, and comply with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

When the Company convenes a Shareholders' meeting, the Board of Directors, the Audit and Risk Management Committee, and shareholders holding more than 1% of the Company's total issued share capital (including preferred shares with restored voting rights) separately or jointly have the right to submit proposals to the Company.

Shareholders holding more than 1% of the Company's total issued share capital (including preferred shares with restored voting rights) separately or jointly may submit temporary proposals in writing to the convener 10 days before the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within 2 days of receiving the proposal, announce the content of the temporary proposal, and submit the temporary proposal to the Shareholders' meeting for review. However, temporary proposals that violate laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, or do not fall within the scope of the Shareholders' meeting's authority, shall be excluded. If the shareholders' meeting is required to be postponed due to the issuance of supplementary notices to the shareholders' meeting in accordance with the securities regulatory rules of the place where the Company's shares are listed, the convening of the shareholders' meeting shall be postponed in accordance with the aforementioned rules.

Except for the circumstances stipulated in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the Shareholders' meeting or add new proposals after issuing the notice of the Shareholders' meeting.

Proposals not listed in the notice of the Shareholders' meeting or not in compliance with the Articles of Association shall not be voted on or resolved at the Shareholders' meeting.

The convener shall notify all shareholders by way of announcement 21 days before the annual Shareholders' meeting and 15 days before the extraordinary Shareholders' meeting. For the purpose of calculating the commencement of such time limits, the day of the meeting shall not be included. In the event that there are any other provisions under applicable laws, regulations, or the rules of the securities regulatory authority of the place where the Company's shares are listed, the Company shall comply with such provisions.

The notice of the Shareholders' meeting shall include the following content:

(i) The time, place, and duration of the meeting;

(ii) The matters and proposals to be reviewed at the meeting;

(iii) A clear statement that all ordinary shareholders (including preferred shareholders with restored voting rights), shareholders holding special voting rights shares and other shareholders are entitled to attend the Shareholders' meeting and may appoint a proxy in writing to attend the meeting and vote, and the proxy does not need to be a shareholder of the Company;

(iv) The record date for shareholders entitled to attend the Shareholders' meeting;

(v) The name and telephone number of the standing contact person for the meeting;

(vi) The time and procedure for voting by network or other means;

(vii) Other matters stipulated by laws, administrative regulations, departmental rules, the rules of the securities regulatory authority and the stock exchange where the Company's shares are listed, and this Articles of Association.

Holding of the Shareholders' Meeting

All holders of ordinary shares (including preferred shareholders whose voting rights have been restored) and holders of shares with special voting rights who are registered on the record date as determined in accordance with the securities regulatory rules of the place where the Company's shares are listed, as well as their proxies, shall be entitled to attend the shareholders' meeting and exercise their voting rights in accordance with the relevant laws, regulations, and the Company's Articles of Association (unless individual shareholders are required to abstain from voting on specific matters in accordance with the securities regulatory rules of the place where the Company's shares are listed).

Shareholders may attend the shareholders' meeting in person or appoint a proxy (who need not be a shareholder of the Company) to attend and vote on their behalf.

Individual shareholders attending the meeting in person shall present their ID cards or other valid identification documents; if appointing a proxy to attend the meeting, they shall present their valid ID cards and a power of attorney for the shareholder.

Corporate shareholders shall be represented by the legal representative or a proxy authorized by the legal representative. The legal representative attending the meeting shall present their ID card and valid proof of their legal representative status; the proxy attending the meeting shall present their ID card and a written power of attorney issued by the legal representative of the corporate shareholder, except for shareholders who are a recognized clearing house as defined in the relevant laws and regulations in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the company are listed (the "Recognized Clearing House") or its proxy.

The power of attorney for appointing a proxy to attend the Shareholders' meeting shall specify the following content:

(i) The name or title of the principal and the category and quantity of shares held;

(ii) The name or title of the proxy;

(iii) Specific instructions of the shareholder, including instructions to vote for, against, or abstain on each matter listed on the agenda of the Shareholders' meeting;

(iv) The date of issuance and validity period of the power of attorney;

(v) The signature (or seal) of the principal. Where the principal is a corporate shareholder or a partnership shareholder, the seal of the shareholder entity shall be affixed. if the overseas corporate shareholder does not have a seal, it may be signed by a legally authorized person.

If the power of attorney for proxy voting is signed by a person authorized by the principal, the authorization letter or other authorization documents shall be notarized. The notarized authorization letter or other authorization documents and the power of attorney for proxy voting shall be kept at the Company's domicile or another place designated in the notice of the meeting.

If the shareholder is a Recognized Clearing House (or its proxy), the shareholder may authorize one or more persons it deems appropriate to act as its representative at any Shareholders' meeting or creditors' meeting; however, if more than one person is authorized, the power of attorney shall specify the number and category of shares involved in the authorization for each authorized person, and the power of attorney shall be signed by an authorized person of the Recognized Clearing House. The authorized person may exercise the rights of the Recognized Clearing House (or its proxy), as if the person were an individual shareholder of the Company.

If the Shareholders' meeting requires Directors and senior management members to attend the meeting, the Directors and senior management members shall attend and be subject to the interrogation of the shareholder.

The Shareholders' meeting shall be presided over by the chairman of the Board of Directors. If the chairman is unable or unwilling to perform his duties, the Vice Chairman shall preside over the meeting. If the Vice Chairman is also unable or unwilling to perform his duties, a Director elected by more than half of the Directors shall preside. The Shareholders' meeting convened by the Audit and Risk Management Committee shall be presided over by the convener of the Audit and Risk Management Committee. If the convener of the Audit and Risk Management Committee is unable or unwilling to perform his duties, an Audit and Risk Management Committee member elected by more than half of the Audit and Risk Management Committee members shall preside. The Shareholders' meeting convened by shareholders shall be presided over by the convener or a representative elected by the convener. If the meeting chairperson violates the rules of procedure during the Shareholders' meeting, making it impossible to continue the meeting, the Shareholders' meeting may elect a person to act as the meeting chairperson with the consent of more than half of the voting rights held by the shareholders present at the meeting, and continue the meeting.

Voting and Resolutions at the Shareholders' Meeting

Resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution of the Shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders (including shareholder proxies) present at the meeting. A special resolution of the Shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including shareholder proxies) present at the meeting.

The following matters shall be passed by the Shareholders' meeting as ordinary resolutions:

(i) The work report of the Board of Directors;

(ii) The profit distribution plan and loss recovery plan proposed by the Board of Directors;

(iii) The appointment and dismissal of board members and their remuneration and payment methods;

(iv) The guarantee matters specified in Items (1) to (5) and (7) of Article 47 of the Articles of Association;

(v) The appointment and dismissal of the accounting firm and its remuneration;

(vi) Related (connected) party transaction matters that require approval by the Shareholders' meeting;

(vii) The change of the use of the Company's raised funds;

(viii) Other matters except those that, as stipulated by laws, administrative regulations, the securities regulatory rules of the Company's stock listing place, or the Articles of Association, shall be passed by a special resolution.

The following matters shall be passed by the Shareholders' meeting as special resolutions:

(i) The increase or decrease of the Company's registered capital;

(ii) The division, split, merger, dissolution, and liquidation of the Company;

(iii) Amendments to the Articles of Association;

(iv) The Company's purchase or sale of major assets or provision of guarantees to others exceeding 30% of the Company's total assets as of the latest audited financial statements within one year;

(v) Equity incentive plans;

(vi) Matters constituting a significant asset reorganization of a listed company as stipulated by laws, regulations, or normative documents such as the Measures for the Administration of Major Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》);

(vii) Repurchase of shares for the purpose of reducing registered capital;

(viii) Guarantee matters specified in Item (6) of Article 47 of these Articles of Association;

(ix) Adjustment of profit distribution policy;

(x) Other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, as well as matters that the Shareholders' meeting deems to have a significant impact on the Company and require a special resolution.

Shareholders (including shareholder proxies) shall exercise their voting rights based on the number of voting shares they represent, with each share having one vote, except for shareholders of different classes of shares. When voting, a shareholder (including a proxy of a shareholder) who holds two or more voting rights is not required to cast all of his voting rights as either in favor, against, or abstaining.

When the Shareholders' meeting reviews major matters affecting the interests of small and medium investors, the votes of small and medium investors shall be counted separately. The results of the separate vote count shall be disclosed in a timely manner.

The Company's own shares held by the Company do not have voting rights, and such shares shall not be counted in the total number of voting shares present at the Shareholders' meeting.

If a shareholder purchases the Company's voting shares in violation of the provisions of Article 63, Paragraphs 1 and 2 of the Securities Law, the shares exceeding the prescribed proportion shall not exercise voting rights within 36 months after purchase and shall not be counted in the total number of voting shares present at the Shareholders' meeting.

According to applicable laws and regulations and the Hong Kong Listing Rules, if any shareholder is required to waive their voting rights on a resolution or is restricted to only voting for (or against) a resolution, the votes cast by such shareholder or their representative in violation of the relevant provisions or restrictions shall not be counted in the total number of voting shares.

The Company's Board of Directors, independent Directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, the rules of the securities regulatory authorities of the place where the Company's shares are listed, may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall fully disclose specific voting intentions and other information to the solicited parties. It is prohibited to solicit shareholders' voting rights in a paid or disguised paid manner. Except for statutory conditions, the Company shall not impose a minimum shareholding ratio restriction on the solicitation of voting rights.

When the Shareholders' meeting reviews related (connected) party transactions, related (connected) shareholders shall not participate in the voting, and the number of voting shares they represent shall not be counted in the total number of valid votes; the announcement of the Shareholders' meeting resolution shall fully disclose the voting situation of non-related shareholders.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions on Directors

The Directors of the Company may include executive Directors, non-executive Directors, and independent Directors. Non-executive Directors refer to Directors who do not hold management positions in the Company.

Directors of the Company shall be individuals and shall possess the qualifications for appointment as required by laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are listed. A person with any of the following circumstances shall not serve as a Director of the Company:

(i) Having no capacity for civil conduct or limited capacity for civil conduct;

(ii) Having been sentenced to a criminal penalty for embezzlement, bribery, infringement of property, misappropriation of property, or disrupting the socialist market economic order, or having had his/her political rights deprived due to a crime, and less than 5 years have elapsed since the expiration of the execution period, or if on probation, less than 2 years have elapsed since the expiration of the probation period;

(iii) Having served as a director, factory director, or manager of a company or enterprise undergoing bankruptcy liquidation and being personally liable for the bankruptcy of such company or enterprise, and less than 3 years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;

(iv) Having served as the legal representative of a company or enterprise whose business license has been revoked or has been ordered to close down due to illegal activities and being personally liable, and less than 3 years have elapsed since the revocation of the business license or the order to close down of such company or enterprise;

(v) Having a large-amount debt due but unpaid and being listed as a person subject to enforcement for bad credit by the people's court;

(vi) Having been subject to measures restricting access to the securities market by the CSRC or the Hong Kong Stock Exchange and the time limit has not expired;

(vii) A person who has been publicly determined by the stock exchange as unfit to serve as a director or senior management personnel of a company, and the term of such determination has not expired;

(viii) Other circumstances stipulated by laws, administrative regulations, departmental rules, or the securities regulatory rules of the Company's stock listing place.

Elections or appointments of Directors that violate the provisions of this section shall be invalid. If a Director becomes subject to any of the circumstances listed in this section during their tenure, the Company shall terminate their position and cease his duties.

Directors not appointed as employee representative Directors shall be elected or replaced by the Shareholders' meeting and may be removed from their positions by a resolution of the Shareholders' meeting before the expiration of their term. The term of office for Directors is three years, and upon the expiration of their term, they may be re-elected in accordance with the securities regulatory rules of the place where the Company's shares are listed.

The term of office for an independent director shall be the same as that of the other directors of the Company. Upon expiration of the term, an independent director may be re-elected for consecutive terms, provided that the total consecutive service shall not exceed six years. From the date such fact occurs, the independent director shall not be nominated as a candidate for independent director of the Company within thirty-six months.

In the event of a hostile takeover of the Company, to safeguard the overall interests of the Company and its shareholders as well as the stability of the Company's operations, any director candidate nominated by the acquirer and its concert parties shall possess at least five years of business management experience in the same line of business as the Company's current (operations, main business), and shall have the professional capabilities and knowledge level commensurate with the performance of their directorial duties.

The term of a Director is calculated from the date of assuming office until the expiration of the current Board of Directors' term. If the Directors are not timely re-elected upon the expiration of their term, the original Directors shall continue to perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association until the newly elected Directors assume office.

A Director may also hold the position of senior management positions, but the total number of Directors who also serve as senior management positions, as well as Directors who are employee representatives, shall not exceed half of the total number of Directors of the Company.

A Director may resign before the expiration of their term. A Director's resignation shall take effect on the date the Board of Directors receives the written resignation report, and the Board of Directors shall disclose the relevant information within the period required by the regulatory rules of the place where the Company's shares are listed. If the resignation of a Director results in the number of board members falling below the statutory minimum or the resignation of a dependent Director results in the number of dependent Directors falling below one third of board members, the original Directors shall continue to perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association until the newly elected Directors assume office.

Where the number of employees of the Company exceeds 300, there shall be employee representatives on the Board of Directors. The employee representatives on the Board of Directors shall be elected through democratic elections by the employees of the company in the form of a staff congress, a general meeting of employees, or other forms, and there is no need to submit such election to the Shareholders' meeting for deliberation.

Board of Directors

The Company shall have a Board of Directors, which shall be accountable to the Shareholders' meeting. The Board of Directors shall consist of nine directors, including one employee representative director. The Board of Directors shall have one Chairman and may, if necessary, have one or more Vice Chairmen. The Chairman and Vice Chairmen shall be elected by the Board of Directors by a majority vote of all directors.

The Board of Directors shall exercise the following powers and duties:

(i) Convening the Shareholders' meeting and reporting to the Shareholders' meeting;

(ii) Implementing the resolutions of the Shareholders' meeting;

(iii) Deciding on the Company's business plans and investment proposals;

(iv) Formulating the Company's profit distribution plans and loss recovery plans;

(v) Formulating plans for the Company's increase or decrease of registered capital, issuance of bonds or other securities, and listing;

(vi) Drafting plans for major acquisitions, repurchases of the Company's shares, mergers, divisions, dissolution, or changes of the Company's form, as well as deciding on the repurchase of the Company's shares under Items (3), (5), and (6) of Article 25 of the Articles of Association;

(vii) Deciding on matters such as external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, related (connected) party transactions, and external donations, within the scope authorized by the Shareholders' meeting;

(viii) Deciding on the establishment of the Company's internal management structure;

(ix) Deciding on the appointment or dismissal of the chief executive officer, secretary of the Board, and other senior management members, and determining their remuneration and reward (or punishment); based on the chief executive officer's nomination, deciding on the appointment or dismissal of the executive president, vice presidents, chief financial officer, and other senior management members, and determining their remuneration and reward (or punishment);

(x) Formulating the Company's basic management systems;

(xi) Drafting amendments to the Articles of Association;

(xii) Managing the Company's information disclosure matters;

(xiii) Proposing to the Shareholders' meeting the appointment or replacement of the accounting firm auditing the Company;

(xiv) Listening to the work reports of the chief executive officer and reviewing the chief executive officer's work;

(xv) To deliberate on matters concerning the purchase or sale of significant assets by the Company within one year, where the value of such assets does not exceed 30% of the Company's most recently audited total assets. However, matters that constitute a significant asset reorganization of a listed company in accordance with the Measures for the Administration of Major Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》) or other relevant laws, regulations, or normative documents, as well as matters concerning the purchase or sale of assets that are required to be submitted to the Shareholders' meeting for deliberation under relevant laws and regulations, shall still be submitted to the Shareholders' meeting for deliberation;

(xvi) To deliberate on donations to external parties where the amount of a single proposed donation does not exceed 0.5% of the Company's most recently audited net assets, or where the cumulative amount of donations (including donations determined within twelve months but to be implemented outside of such period) within a continuous twelve-month period is less than 1% of the Company's most recently audited net assets;

(xvii) To deliberate on changes in accounting policies or estimates that are not required to be passed by the Shareholders' meeting in accordance with relevant provisions;

(xviii) To deliberate on other matters concerning the provision of guarantees to external parties that are not required to be decided by the Shareholders' meeting as stipulated in the Articles of Association;

(xix) To deliberate on the following related (connected) party transactions:

(a) Related (connected) party transactions with related (connected) natural persons where the amount is above RMB300,000 but below RMB30 million (or representing less than 5% of the absolute value of the Company's most recently audited net assets);

(b) Related (connected) party transactions with related (connected) legal persons where the amount is above RMB3 million (and representing more than 0.5% of the absolute value of the Company's most recently audited net assets) but below RMB30 million (or representing 5% of the absolute value of the Company's most recently audited net assets);

(xx) To make adjustments to the business and equity structure in compliance with the explicit requirements of current and effective laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the competent authorities;

(xxi) Other powers and duties granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

There are no specific provisions in the Articles of Association for Directors to exercise the borrowing power, but there are relevant provisions on matters relating to the Company's external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, related (connected) party transactions, and external donations as determined by the Board of Directors and the chairman within the scope authorized by the shareholders' meeting.

The Board of Directors shall determine the authority for the Company's external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, related (connected) party transactions, and external donations, and establish strict review and decision-making procedures. Major investment projects shall be evaluated by relevant experts and professionals and submitted to the Shareholders' meeting for approval.

The chairman shall exercise the following powers and duties:

(i) Presiding over the Shareholders' meeting and convening and presiding over board meetings;

(ii) Supervising and inspecting the implementation of board resolutions;

(iii) To sign the Company's stocks, bonds, and other securities;

(iv) To sign important documents of the Board of Directors and other documents that are required to be signed by the legal representative of the Company;

(v) To exercise the powers of the legal representative;

(vi) In the event of force majeure such as major natural disasters or other emergencies, to exercise special disposal rights over the Company's affairs in accordance with the law and in the interests of the Company, and to report to the Board of Directors and the Shareholders' meeting afterward;

(vii) To approve borrowing matters and related asset mortgages or pledges that are not required to be submitted to the Board of Directors or the Shareholders' meeting for deliberation in accordance with the law;

(viii) To propose the convening of an extraordinary meeting of the Board of Directors;

(ix) To deliberate on donations to external parties where the amount of a single proposed donation does not exceed 0.1% of the Company's most recently audited net assets, or where the cumulative amount of donations (including donations determined within twelve months but to be implemented outside of such period) within a continuous twelve-month period is less than 0.2% of the Company's most recently audited net assets;

(x) Transactions of the Company (excluding the provision of guarantees and financial assistance) that meet any of the following criteria shall be deliberated and approved by the Chairman:

(a) The total value of the assets involved in the transaction (the higher of the book value and the appraised value shall apply if both exist) represents more than 5% but less than 10% of the Company's most recently audited total assets;

(b) The revenue related to the transaction subject (such as equity) in the most recent fiscal year represents more than 5% (and the absolute amount exceeds RMB5 million) but less than 10% (or the absolute amount is less than RMB10 million) of the Company's most recent fiscal year's audited revenue;

(c) The net profit related to the transaction subject (such as equity) in the most recent fiscal year represents more than 5% (and the absolute amount exceeds RMB500,000) but less than 10% (or the absolute amount is less than RMB1 million) of the Company's most recent fiscal year's audited net profit;

(d) The transaction value (including assumed debts and expenses) represents more than 5% (and the absolute amount exceeds RMB5 million) but less than 10% (or the absolute amount is less than RMB10 million) of the Company's most recently audited net assets;

(e) The profit generated by the transaction represents more than 5% (and the absolute amount exceeds RMB500,000) but less than 10% (or the absolute amount is less than RMB1 million) of the Company's most recent fiscal year's audited net profit;

(f) The purchase or sale of significant assets within a continuous twelve-month period represents more than 5% but less than 10% of the Company's most recently audited total assets.

(xi) Other powers and duties granted by the Board of Directors.

The Board of Directors shall hold at least four meetings each year, convened by the chairman, with written notice provided to all Directors at least 14 days before the meeting. Shareholders representing more than one-tenth of the voting rights, one-third of the Directors, or the Audit and Risk Management Committee may propose the convening of an extraordinary board meeting. The chairman shall convene and preside over the board meeting within 10 days of receiving such a proposal.

Extraordinary board meetings may be convened by personal delivery, fax, or email, with notice provided to all Directors at least three days before the meeting. However, in cases of emergency where it is necessary to convene an extraordinary meeting of the Board of Directors as soon as possible, the meeting notice may be given at any time through telephone or other oral means. However, the convener shall provide an explanation at the meeting.

A board meeting shall require the attendance of more than half of the Directors to be valid. Resolutions of the Board of Directors shall require the approval of more than half of all Directors. Each Director shall have one vote in board resolutions. Except as otherwise provided by laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

If a Director has a relationship with the enterprise or individual involved in a board resolution, the Director shall promptly report in writing to the Board of Directors. The Director with such a relationship shall not vote on the resolution or act as a proxy for another Director to vote. The board meeting may proceed with the attendance of more than half of the non-related Directors, and resolutions shall require the approval of more than half of the non-related Directors. If the number of non-related Directors attending the board meeting is less than three, the matter shall be submitted to the Shareholders' meeting for review. If laws, regulations, or securities regulatory rules of the place where the Company's shares are listed impose additional restrictions on Directors' participation in board meetings and voting, such provisions shall apply.

Board meetings shall be attended by Directors in person. If a Director is unable to attend, they may appoint another Director in writing to attend on their behalf. The written appointment shall specify the name of the proxy, the matters to be represented, the scope of authority, and the validity period, and shall be signed or sealed by the appointing Director. The proxy shall exercise the Director's rights within the scope of authority. If a Director does not attend the board meeting and does not appoint a proxy to attend, they shall be deemed to have waived their voting rights at that meeting. An independent director shall not delegate his voting rights to a non-independent director.

Independent Directors

Independent Directors shall diligently perform their duties in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association. They shall play a role in decision-making, supervision, and professional consultation within the Board of Directors, safeguarding the overall interests of the Company and protecting the lawful rights and interests of minority shareholders.

Independent Directors must maintain independence. The following persons shall not serve as independent Directors:

(i) Persons employed by the Company or its affiliated enterprises, as well as their spouses, parents, children, and close relatives;

(ii) Natural persons who directly or indirectly hold more than 1% of the Company's issued shares or are among the top ten shareholders of the Company, as well as their spouses, parents, and children;

(iii) Persons employed by shareholders who directly or indirectly hold more than 5% of the Company's issued shares or are among the top five shareholders of the Company, as well as their spouses, parents, and children;

(iv) Persons employed by affiliated enterprises of the Company's Controlling Shareholders or actual controllers, as well as their spouses, parents, and children;

(v) Persons who have significant business dealings with the Company, its Controlling Shareholders, actual controllers, or their respective subsidiaries, or who are employed by entities that have significant business dealings with the Company, and their controlling shareholders or actual controllers;

(vi) Persons who provide financial, legal, consulting, or underwriting services to the Company, its Controlling Shareholders, actual controllers, or their respective subsidiaries, including but not limited to project team members, reviewers, signatories, partners, Directors, senior management members, and principal responsible persons of intermediary institutions providing such services;

(vii) Persons who have had any of the above-mentioned circumstances within the past 12 months;

(viii) Other persons deemed not independent under laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Affiliated enterprises of the Company's Controlling Shareholders or actual controllers referred to in items (iv) to (vi) above do not include enterprises controlled by the same state-owned assets management institution as the Company and that do not constitute related parties under relevant regulations.

Independent Directors shall conduct an annual self-assessment of their independence and submit the results to the Board of Directors. The Board of Directors shall annually evaluate the independence of incumbent independent Directors and issue a special opinion, which shall be disclosed together with the annual report.

The following matters shall be submitted to the Board of Directors for review after obtaining the approval of more than half of all independent Directors:

(i) Related party transactions that require disclosure;

(ii) Proposals for the Company and related parties to change or waive commitments;

(iii) Decisions and measures taken by the Board of Directors of an acquired listed company in response to the acquisition;

(iv) Other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The Company shall establish a special meeting mechanism composed entirely of independent Directors. Matters such as related party transactions to be reviewed by the Board of Directors shall first be approved by the special meeting of independent Directors. The Company holds special meetings of independent Directors regularly or irregularly. Matters listed in items (i) to (iii) of paragraph 1 of Article 136 and Article 137 of the Articles of Association shall be reviewed by the special meeting of independent Directors. The special meeting of independent Directors may discuss other matters of the Company as needed.

The special meeting of independent Directors shall be convened and presided over by one independent Director jointly recommended by more than half of the independent Directors. If the convener fails to perform their duties or is unable to do so, two or more independent Directors may convene the meeting and recommend one representative to preside.

Special Committees under the Board

The Company's Board of Directors shall establish an Audit and Risk Management Committee.

The Audit and Risk Management Committee shall consist of three members, all of whom shall be non-executive directors or independent directors, including two independent directors. The convener of the Audit and Risk Management Committee shall be an independent director who is a professional in accounting. The independent directors shall constitute a majority of the members of the Audit and Risk Management Committee.

The Audit and Risk Management Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audits, and internal controls. The following matters shall be submitted to the Board of Directors for review after obtaining the approval of more than half of all Audit Committee members:

(i) Disclosure of financial accounting reports and financial information in periodic reports, as well as internal control evaluation reports;

(ii) Appointment or dismissal of the accounting firm auditing the listed company;

(iii) Appointment or dismissal of the Company's chief financial officer;

(iv) Changes in accounting policies, accounting estimates, or corrections of major accounting errors due to reasons other than changes in accounting standards;

(v) Other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The Audit and Risk Management Committee shall hold at least one meeting per quarter. Extraordinary meetings may be convened upon the proposal of two or more members or if the chairperson deems it necessary. A meeting of the Audit and Risk Management Committee shall require the attendance of at least two-thirds of its members to be valid. Resolutions of the Audit and Risk Management Committee shall require the approval of more than half of its members. Each member shall have one vote in Audit and Risk Management Committee resolutions. Minutes of Audit and Risk Management Committee meetings shall be prepared, and attending members shall sign the minutes.

The Board of Directors may establish other special committees as needed, such as strategy, nomination, and compensation and assessment committees, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals of these committees shall be submitted to the Board of Directors for review and decision. The working procedures of these special committees shall be formulated by the Board of Directors.

SENIOR MANAGEMENT MEMBERS

The Company shall have one General Manager, who shall be appointed or dismissed by the Board of Directors. The Company may, if necessary, have several Deputy General Managers, who shall be appointed or dismissed by the Board of Directors.

The provisions of the Articles of Association regarding the circumstances under which a person may not serve as a Director and the regulations on departure management shall also apply to senior management. The provisions of the Articles of Association regarding the fiduciary duties and diligence obligations of Directors shall also apply to senior management.

The general manager shall be accountable to the Board of Directors and shall exercise the following powers and duties:

(i) Presiding over the Company's production, operation, and management activities, implementing the resolutions of the Board of Directors, and reporting to the Board of Directors;

(ii) Implementing the Company's annual business plans and investment proposals;

(iii) Drafting proposals for the establishment of the Company's internal management structure;

(iv) Drafting the Company's basic management systems;

(v) Formulating the Company's specific regulations;

(vi) Approve transactions that do not need to be submitted to the Company's Chairman, Board of Directors, or shareholders' meeting for deliberation and approval in accordance with the rules of the stock exchange where the Company is listed and these Articles of Association (excluding transactions involving the provision of guarantees or financial assistance by the Company);

(vii) Deliberate and approve the Company's routine business contracts;

(viii) Recommend to the Board of Directors the appointment or dismissal of the Company's Deputy General Managers and Chief Financial Officer;

(ix) Deciding on the appointment or dismissal of management personnel other than those whose appointment or dismissal is to be decided by the Board of Directors;

(x) Other powers and duties granted by the Articles of Association or the Board of Directors.

The chief executive officer shall attend meetings of the Board of Directors.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial Accounting System

The Company shall establish its financial accounting system in accordance with laws, administrative regulations, the rules of the securities regulatory authorities of the place where the Company's shares are listed, and the provisions of relevant national authorities.

A-share Periodic Report Disclosure: The Company shall submit and disclose its annual financial accounting report to the CSRC and the Shenzhen Stock Exchange within four months after the end of each fiscal year. It shall submit and disclose its interim report to the local offices of the CSRC and the Shenzhen Stock Exchange within two months after the end of the first half of each fiscal year. The Company shall also submit and disclose its quarterly reports within one month after the end of the first three months and the first nine months of each fiscal year, respectively. The disclosure time of the Company's first quarter report shall not be earlier than the disclosure time of its annual report for the previous year.

H-share Periodic Report Disclosure: The periodic reports of the Company's H-shares include the annual report and the interim report. The Company shall disclose a preliminary announcement of its annual performance within three months after the end of each fiscal year and complete the compilation of the annual report and disclose it within four months after the end of each fiscal year and at least 21 days before the convening of the annual general meeting of shareholders. The Company shall disclose a preliminary announcement of its interim performance within two months after the end of the first six months of each fiscal year and complete the compilation of the interim report and disclose it within three months after the end of the first six months of each fiscal year.

The above periodic reports are prepared in accordance with the relevant laws, administrative regulations, and the rules of the securities regulatory authorities and stock exchanges of the place where the Company's shares are listed.

The Company shall not establish separate accounting books in addition to the statutory accounting books. The Company's funds shall not be stored in accounts opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the Company's statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund exceeds 50% of the Company's registered capital, the Company may cease to make further allocations. If the Company's statutory reserve fund is insufficient to cover the losses of previous years, the Company shall use the current year's profits to cover the losses before allocating the statutory reserve fund as stipulated above. After allocating the statutory reserve fund from the after-tax profits, the Company may also allocate a discretionary reserve fund from the after-tax profits upon a resolution of the Shareholders' meeting.

After covering losses and allocating reserve funds, the remaining after-tax profits shall be distributed according to the proportion of shares held by shareholders, unless otherwise stipulated in the Articles of Association. If the Shareholders' meeting violates the PRC Company Law by distributing profits to shareholders before covering losses and allocating statutory reserve fund, the shareholders must return the profits distributed in violation of the regulations to the Company; if the Company suffers losses as a result, the shareholders and the responsible Directors and senior management shall bear the liability for compensation. The Company's own shares held by the Company shall not participate in the distribution of profits.

The Company shall appoint one or more receiving agents in Hong Kong for H-share shareholders. The receiving agents shall collect and hold dividends and other payable amounts distributed by the Company to H-share shareholders on behalf of the relevant H-share shareholders, pending payment to such H-share shareholders. The receiving agents appointed by the Company shall comply with the requirements of laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

The Company's reserve funds shall be used to cover the Company's losses, expand the Company's production and operation, or convert into additional capital. When using reserve funds to cover the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if the losses cannot be fully covered, the capital reserve fund may be used in accordance with regulations. When converting the statutory reserve fund into additional registered capital, the remaining statutory reserve fund shall not be less than 25% of the Company's registered capital before the conversion.

Internal Audit

The Company shall implement an internal audit system, specifying the leadership structure, responsibilities and authorities, staffing, funding, application of audit results, and accountability for internal audit work.

The Company's internal audit system shall be implemented after approval by the Board of Directors and shall be disclosed to the public.

The internal audit department is accountable to the Board of Directors.

Appointment of Accounting Firms

The Company shall engage an accounting firm that complies with the Securities Law and the rules of the securities regulatory authorities of the place where the Company's shares are listed to conduct audits of financial statements, verification of net assets, and other related consulting services. The engagement term shall be one year and may be renewed.

The appointment or dismissal of an accounting firm shall be submitted to the Board of Directors for review after obtaining the approval of more than half of all members of the Audit and Risk Management Committee and shall be decided by the Shareholders' meeting through an ordinary resolution. The Board of Directors shall not appoint an accounting firm before the decision of the Shareholders' meeting.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or misreport such materials.

The remuneration of the accounting firm, or the method for determining such remuneration, shall be decided by the Shareholders' meeting.

When the Company dismisses or does not renew the engagement of an accounting firm, it shall notify the accounting firm 15 days in advance. When the Shareholders' meeting votes on the dismissal of an accounting firm, the accounting firm shall be allowed to present its opinions.

If the accounting firm resigns, it shall explain to the Shareholders' meeting whether there are any improper circumstances in the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase, and Capital Reduction

The Company's merger can be in the form of an absorption merger or a consolidation merger. When one company absorbs other companies, it is an absorption merger, and the absorbed companies are dissolved. When two or more companies merge to form a new company, it is a consolidation merger, and all the merging companies are dissolved.

Where the payment for a company merger does not exceed 10% of the Company's net assets, it may proceed without a Shareholders' meeting resolution, unless otherwise provided by the securities regulatory rules of the place where the Company's shares are listed or by the Company's Articles of Association. Where a merger is to be conducted without a shareholders' meeting resolution in accordance with the provisions mentioned above, it shall be approved by a resolution of the Board of Directors.

For a company merger, the merging parties shall sign a merger agreement and prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days from the date of adopting the merger resolution and make an announcement in the newspapers, media, or the websites designated in the Article of Association, or the National Enterprise Credit Information Publicity System, as well as on the Hong Kong Stock Exchange's Disclosure Easy website within 30 days. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice, request the Company to pay off its debts or provide corresponding guarantees. In the event that the securities regulatory rules of the place where the Company's shares are listed provide otherwise, the Company shall also comply with the relevant provisions.

When the Company merges, the credits and debts of the merging parties shall be succeeded by the surviving company after the merger or the newly established company.

When the Company divides, its assets shall be divided accordingly. When the Company divides, it shall prepare a balance sheet and a detailed inventory of assets. The Company shall notify its creditors within 10 days from the date of the division resolution and make an announcement in the newspapers, media, or the websites designated in the Article of Association, or the National Enterprise Credit Information Publicity System, as well as on the Hong Kong Stock Exchange's Disclosure Easy website within 30 days. The debts of the Company before the division shall be jointly assumed by the companies after the division, unless otherwise agreed in a written agreement between the Company and its creditors before the division.

When the Company needs to reduce its registered capital, it must prepare a balance sheet and a detailed inventory of assets. The Company shall notify its creditors within 10 days from the date of the Shareholders' meeting resolution on the capital reduction and make an announcement in the newspapers, media, or the websites designated in the Article of Association, or the National Enterprise Credit Information Publicity System, as well as on the Hong Kong Stock Exchange's Disclosure Easy website within 30 days. Creditors may request the Company to settle its debts or provide corresponding guarantees within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they have not received the notice. In the event that the securities regulatory rules of the place where the Company's shares are listed provide otherwise, the Company shall also comply with the relevant provisions.

When the Company merges or divides, and the registration matters change, it shall apply for a change of registration with the Company registration authority in accordance with the law; when a company is dissolved, it shall apply for cancellation of registration in accordance with the law; when a new company is established, it shall apply for establishment registration in accordance with the law. When the Company increases or reduces its registered capital, it shall apply for a change of registration with the Company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(i) The business term stipulated in the Articles of Association expires or other dissolution reasons stipulated in the Articles of Association arise;

(ii) The Shareholders' meeting resolves to dissolve the Company;

(iii) The Company needs to be dissolved due to a merger or division;

(iv) The Company is legally revoked its business license, ordered to close, or revoked;

(v) The Company's operation and management encounter serious difficulties, and its continued existence would cause significant losses to shareholders' interests, and no other solutions can be found. Shareholders holding 10% or more of the Company's total voting rights may request the people's court to dissolve the Company.

When the Company has the dissolution reasons mentioned above, it shall publicize the dissolution reasons through the National Enterprise Credit Information Publicity System within ten days.

If the Company has the circumstances mentioned in items (i) and (ii) above and has not yet distributed its assets to shareholders, it may continue to exist by amending its Articles of Association or through a resolution of the Shareholders' meeting. To amend the Articles of Association or pass a resolution of the Shareholders' meeting in accordance with the preceding paragraph, it must be approved by more than two-thirds of the voting rights held by shareholders present at the Shareholders' meeting.

If a company is dissolved due to the circumstances mentioned in items (i), (ii), (iv), and (v) above, it shall be liquidated. The Directors are the liquidation obligors and shall establish a liquidation group within 15 days from the date the dissolution reason arises to commence liquidation. The liquidation group shall consist of Directors, unless otherwise stipulated in the Articles of Association or the Shareholders' meeting resolves to appoint others. If the liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the Company or creditors, they shall bear the liability for compensation.

During the liquidation period, the liquidation group shall exercise the following powers and duties:

(i) Cleaning up the Company's assets and preparing a balance sheet and a detailed inventory of assets;

(ii) Notifying and announcing to creditors;

(iii) Handling the Company's unfinished business related to the liquidation;

(iv) Paying off the taxes owed and the taxes incurred during the liquidation process;

(v) Cleaning up claims and debts;

(vi) Distributing the remaining assets after the Company's debts are settled;

(vii) Representing the Company in civil litigation activities.

The liquidation group shall notify creditors within 10 days from the date of its establishment and make an announcement in the newspapers, media, or the websites designated in the Article of Association, or the National Enterprise Credit Information Publicity System, as well as on the Hong Kong Stock Exchange's Disclosure Easy website within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they have not received the notice. In the event that the securities regulatory rules of the place where the Company's shares are listed provide otherwise, the Company shall also comply with the relevant provisions. When declaring claims, creditors shall explain the relevant matters of the claims and provide supporting materials. The liquidation group shall register the claims.

During the claim declaration period, the liquidation group shall not settle claims with creditors.

After cleaning up the Company's assets and preparing a balance sheet and a detailed inventory of assets, the liquidation group shall formulate a liquidation plan and submit it to the Shareholders' meeting or the people's court for confirmation. After paying off the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, paying off the taxes owed, and settling the Company's debts, the remaining assets shall be distributed to shareholders according to the proportion of shares held. During the liquidation period, the Company shall continue to exist but shall not engage in business activities unrelated to the liquidation. The Company's assets shall not be distributed to shareholders before being settled in accordance with the preceding paragraph.

After cleaning up the Company's assets and preparing a balance sheet and a detailed inventory of assets, if the liquidation group finds that the Company's assets are insufficient to settle its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the people's court.

After the Company's liquidation is completed, the liquidation group shall prepare a liquidation report, submit it to the Shareholders' meeting or the people's court for confirmation, and submit it to the Company registration authority to apply for cancellation of the Company's registration.

If the Company is legally declared bankrupt, it shall implement bankruptcy liquidation in accordance with the relevant enterprise bankruptcy laws.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under the following circumstances:

(i) After the PRC Company Law or relevant laws, administrative regulations, or the securities regulatory rules of the place where the Company's shares are listed are amended, the provisions of the Articles of Association conflict with the amended laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed;

(ii) The Company's circumstances change and are inconsistent with the matters recorded in the Articles of Association;

(iii) The Shareholders' meeting resolves to amend the Articles of Association.

If the amendment of the Articles of Association passed by a resolution of the Shareholders' meeting requires approval by the competent authority, it shall be submitted to the competent authority for approval; if it involves company registration matters, the change of registration shall be processed in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the Shareholders' meeting on the amendment of the Articles of Association and the approval opinions of the competent authority.

If the amendment of the Articles of Association involves information required to be disclosed by laws, regulations, or the securities regulatory rules of the place where the Company's shares are listed, it shall be announced in accordance with regulations.

1. TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to an [**REDACTED**] in the H Shares, nor does it take into account the specific circumstances of any particular [**REDACTED**], some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [**REDACTED**] in the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, all of which are subject to change and may have retrospective effect.

This discussion does not address any aspects of the PRC or Hong Kong taxation other than income tax, capital tax, stamp duty and estate duty. Prospective [**REDACTED**] are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

A. The PRC Taxation

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "IIT Law"), which was latest amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was latest amended on December 18, 2018, dividends distributed by PRC enterprises are subject to a PRC withholding tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to a withholding tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Notice of State Administration of Taxation (the "SAT") on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of the Document Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the SAT on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the amount which is over withheld will be refunded. For the individual holders of H shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or otherwise, the non-foreign invested enterprise is required to withhold the tax at a rate of 20%.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "EIT Law") effective as at December 29, 2018 and the Implementation Provisions for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) last amended on December 6, 2024 and came into effect on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place in the PRC. The withholding tax may be reduced pursuant to applicable treaties for the avoidance of double taxation. Such income tax for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》國稅函[2008]897號) which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares with respect to the dividends of 2008 and onwards. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (Guo Shui Han [2009] No. 394) (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》國稅函[2009]394號) which was issued by the SAT on July 24, 2009 and effective on the same date, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. Pursuant to the Fourth Protocol of the SAT to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第四議定書》) effective as at December 29, 2015, the abovementioned provisions are not applicable to any arrangement which is primarily made for the purpose of obtaining the above taxation benefits. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Investors who are not PRC residents and reside in countries which have entered into avoidance of double taxation treaties with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC has entered into arrangements for the avoidance of double taxation with a number of countries and regions including but not limited to Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the PRC tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the PRC tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) (hereinafter referred to as "Notice 36"), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT.

According to these regulations, if the holder is a nonresident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a nonresident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in

China, the holder may be required to pay the PRC VAT. However, in view of no clear regulations, whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares, there is still uncertainty in the interpretation and application of the above provisions.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "Local Additional Tax"), which shall usually equal to 12% of the VAT payable (if any).

Income tax

Individual Investors

According to the IIT Law and its implementation provisions, gains realised on the sale of equity interests in PRC resident enterprises are subject to the income tax at a rate of 20%.

Pursuant to the Circular of the MOF and SAT on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended IIT Law and its implementation provisions.

However, on December 31, 2009, the MOF, SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (財稅[2009]167號), which provides that individuals' income from transferring listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for certain shares which are subject to sales limitations as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2010] No. 70) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (財稅[2010]70號). As at the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the transfer of shares of PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the transfer of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place. Such income tax for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) issued on June 10, 2021 and effective on July 1, 2022, PRC stamp duty only applies to documents executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

B. Hong Kong Taxation

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of the H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

2. PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the territory of the People's Republic of China are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income within the PRC and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

VAT

According to the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993, and latest amended on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993 and latest amended on October 28, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax. The tax rate for taxpayers engaging in sale of services shall be 6% and the tax rate for taxpayers engaging in sale of goods shall be 17%, unless otherwise stipulated. With the VAT reforms in the PRC, the rate of VAT has been changed several times.

Pursuant to the Implementation Rules of Pilot Reform for Transition from Business Tax to VAT (《營業稅改徵增值稅試點實施辦法》) which was promulgated on March 23, 2016, and latest amended on March 20, 2019, unless otherwise provided in the implementation rules, taxpayers incurring taxable activities are generally subject to a 6% VAT. The Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and SAT on April 4, 2018 and became effective as of May 1, 2018 adjusted the applicative rate of VAT, and the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (Announcement [2019] No. 14 of the MOF, SAT and General Administration of Customs), promulgated by MOF, SAT and General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

3. FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the new Regulations of the PRC for Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Control Regulations") which became effective on April 1, 1996. The Foreign Exchange Control Regulations classifies all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to SAFE's approval, while capital account items still are. The Foreign Exchange Control Regulations was subsequently amended on January 14, 1997 and August 1, 2008. The latest amended Foreign Exchange Control Regulations clearly states that the State will not impose any restriction on international payments and transfers under the current account items.

On June 20, 1996, the People's Bank of China (the "PBOC") promulgated the Provision on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "Settlement Regulations") which became effective on July 1, 1996. The Settlement Regulations abolished all other restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi (《關於完善人民幣匯率形成機制改革的公告》) (PBOC Announcement [2005] No. 16), issued by PBOC on July 21, 2005, from the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of foreign currencies such as U.S. dollar against Renminbi in the interbank foreign exchange market after the closing of the market on each working day, which will be used as the central parity for the transactions of such foreign currency against Renminbi exchange rate on the following working day.

Starting from January 4, 2006, PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On July 1, 2014, PBOC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD of the current day, which shall be finally decided on the weighted average of the prices of all market makers after excluding the highest and lowest quotations, and announce it at 9:15 a.m. on each working day. On August 11, 2015, PBOC announced to improve the central parity quotations of RMB against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Center with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

On August 5, 2008, the State Council promulgated the revised Foreign Exchange Control Regulations (the "Revised Foreign Exchange Control Regulations"), which has made substantial changes to the foreign exchange supervision system of the PRC. First, the Revised Foreign Exchange Control Regulations have adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. Second, the Revised Foreign Exchange Control Regulations has improved the mechanism for determining the RMB exchange rate based on market supply and demand. Third, the Revised Foreign Exchange

Control Regulations has enhanced the monitoring of cross-border foreign currency fund flows. In the event that revenues and costs in connection with international transactions suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the Sate may adopt necessary safeguard or control measures. Fourth, the Revised Foreign Exchange Control Regulations has enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to SAFE to enhance its supervisory and administrative powers.

According to relevant PRC laws, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for transactions relating to current account items may, without the approval of SAFE, effect payment for their foreign exchange accounts at the designated foreign exchange banks with the support of valid receipts and proof. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as the Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting approving the distribution of profits, effect payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50), which canceled the approval requirement by the SAFE and its branches for the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

On December 26, 2014, the SAFE issued the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), pursuant to which a domestic company shall, within 15 working days from the date of the end of its overseas listing issuance, register the overseas listing with the SAFE's local branch at the place of its incorporation; and the proceeds from an overseas listing maybe remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents.

On February 13, 2015, the SAFE issued the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies 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》) (Hui Fa [2015] No. 13), which came into effect on June 1, 2015. The Notice cancels the foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, and requires the banks to review and carry out foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment directly. SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

According to the Notice of the SAFE on Revolutionizing and Regulating Capital Account Settlement Management Policies (《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》) (Hui Fa [2016] No. 16) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (the "Constitution") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC Government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the PRC (2023 Revision) (《中華人民共和國立法法(2023修正)》) (the "Legislation Law"), the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing criminal and civil matters, State institutions and other matters. The SCNPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, ecological civilization construction, historical and cultural protection, grassroots governance and other aspects according to the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations of cities with districts will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries, commissions of the State Council, the PBOC, the National Audit Office, institutions with administrative functions directly under the State Council, and other institutions stipulated by law may formulate rules and regulations within the power of their respective departments based on the laws, administrative regulations, decisions and rulings of the State Council. Matters governed by the departmental rules and regulations should be those for the enforcement of the laws, administrative regulations, decisions and rulings of the State Council. The people's governments of provinces, autonomous regions and municipalities directly under the central government and cities divided into districts and autonomous regions may formulate rules, in accordance with laws, administrative regulations and relevant local regulations of provinces, autonomous regions and municipalities directly under the central government.

Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted by the SCNPC or provided by with decrees, issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws and regulations is vested in the regional legislative and administrative authorities which promulgate such laws and regulations.

The PRC Judicial System

Under the Constitution, the Law of Organization of the People's Courts of the PRC (2018 revision) (《中華人民共和國人民法院組織法(2018修訂)》) and the Law of Organization of the People's Procuratorate of the PRC (2018 revision) (《中華人民共和國人民檢察院組織法(2018修訂)》), the people's courts of the PRC are classified into the Supreme People's Court, the local people's courts at various levels, and other special people's courts. The local people's courts at various levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts may set up a number of people's tribunals based on the facts of the region, population and cases. The Supreme People's Court is the highest judicial authority. The Supreme People's Court shall supervise the judicial work of the local people's courts at all levels and special people's courts, and people's courts at higher levels shall supervise the judicial work of people's courts at lower levels. The Chinese People's Procuratorates are divided into the Supreme People's Procuratorate, local people's procuratorates at various levels, and specialized people's procuratorates such as the Military Procuratorate. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of the local people's procuratorates and specialized people's procuratorates at all levels, and the people's procuratorates at higher levels direct the work of the people's procuratorates at lower levels.

The people's court takes the rule of the second instance as the final rule, that is, the judgments or rulings of the second instance of the people's court are final. The parties may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. The first judgments or rulings of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in the final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court discovers an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "PRC Civil Procedure Law") adopted on April 9, 1991 and amended five times on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. Each party to a civil action conducted within the PRC must comply with the relevant provisions of the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the places where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual, a person without nationality, a foreign enterprise and organization is given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people's court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of the PRC, the PRC court may apply the same limitations to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at the people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement on the party.

Where a party applies for enforcement of a legally effective judgement or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgement or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity, request recognition and enforcement by a foreign court. Similarly, where an effective judgment or ruling made by a foreign court needs to be recognized and enforced by the people's court of the PRC, unless the people's court considers that the recognition or enforcement of the judgment or ruling would violate the basic legal principles of the PRC, national sovereignty, national security or social and public interest, the parties involved may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement, or the foreign court may, in accordance with the provisions of international treaties entered into or acceded to by that country and the PRC or according to the principle of reciprocity, request the people's court to recognize and enforce it.

The Company Law of the PRC, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and the Guidelines for the Articles of Association of Listed Companies

The Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "PRC Company Law") was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The newly revised PRC Company Law has been implemented on July 1, 2024.

On February 17, 2023, CSRC promulgated 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》) (the "Overseas Listing Trial Measures"), which came into effect on March 31, 2023 and is applicable to direct and indirect overseas share subscription and listing of domestic companies, which also stipulates the filing administrative measures and regulatory requirements for the overseas securities offering and listing by domestic companies.

On March 28, 2025, the CSRC Promulgated the latest amended Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidelines for the Articles of Association"). According to the Overseas Listing Trial Measures and its supporting guidelines, Guidelines for the Application of Regulatory Rules — Overseas Listing Category No. 1, domestic enterprises that are directly listed overseas shall formulate its Articles of Association with reference to the Guidelines for the Articles of Association and other relevant provisions of the CSRC on main provisions of the PRC Company Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or raising. A joint stock limited company shall be incorporated by one to 200 promoters, provided that at least more than half of the promoters must reside in the PRC. Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the Articles of Association. If a joint stock limited company is to be established by means of raising, the promoters shall subscribed for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the Articles of Association; however, where laws and administrative regulations provide otherwise, such provisions shall prevail.

A prospectus shall be published and a subscription letter shall be prepared when the promoters offer shares to the public. The subscriber shall fill in the number of shares subscribed for, amount and domicile and affix his/her signature or seal to the subscription letter. The subscriber shall make full payment for the shares subscribed for. Where a promoter is offering shares to the public, such offer shall be underwritten by security companies established under PRC laws, and an underwriting agreement shall be concluded thereon. A promoter offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and furnish evidence of receipt of those subscription monies to relevant authorities. After the share capital for a public offering has been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company. The Board of Directors shall, within 30 days after the end of the establishment meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority.

A company's promoter shall be liable for the followings: (1) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be established; (2) the refund of subscription monies paid by the subscribers together with interest at bank deposit rates for the same period jointly and severally if the company cannot be established.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights, land use rights, stock rights or creditor's rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

Under the PRC Company Law, a joint stock limited company shall maintain a shareholder register which sets forth the following matters: (1) the name and domicile of each shareholder; (2) the type and quantity of subscribed shares for each shareholder; (3) for stocks issued in paper form, the serial numbers of stocks; (4) the date on which each shareholder acquired the shares.

Increase In Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in a shareholder's meeting. The Articles of Association or the shareholders' meeting may authorize the Board of Directors to decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the shareholders' meeting. Where the Board of Directors is authorized and decides to issue shares, and thus results in a change in the registered capital or the number of issued shares of the company, the voting at the shareholders' meeting may not be needed to revise such item set forth in the Articles of Association of the company. Where the Articles of Association or the shareholders' meeting of a company authorizes the Board of Directors to decide on issuing new shares, a resolution of the Board of Directors shall be adopted by two thirds of all the directors. In addition, where a domestic enterprise issuing and listing overseas, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures and submit a filing report, legal opinions and other relevant materials, giving a true, accurate and complete account of shareholders' information and other information.

Reduction of Share Capital

The company shall reduce the registered capital in accordance with the following procedures as stipulated in the PRC Company Law:

(I) the company shall prepare a balance sheet and an inventory of properties;

(II) make a resolution at a shareholders' meeting to reduce the registered capital;

(III) the company shall notify its creditors within 10 days after making the resolution to reduce the registered capital and publish the relevant announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days;

(IV) a creditor may, within 30 days after receipt of the notification, or within 45 days after the date of announcement if he/she has not received the notification, have the right to request the company to repay its debts or provide relevant guarantees; and

(V) the company must apply to the company registration authority for a change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is otherwise prescribed by the Articles of Association of the company.

If a company still has losses after making up for them in accordance with the relevant provisions of the PRC Company Law, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the loss, the company shall not make any distribution to the shareholders, nor shall the shareholders be exempted from their obligation to pay the capital contribution or the share capital. If the registered capital is reduced in accordance with the aforesaid provisions, the item (III) and item (IV) mentioned above shall not apply, but the resolution to reduce the registered capital shall be made by the shareholders' meeting within 30 days from the date of the announcement in the newspapers or on the National Enterprise Credit Information Publicity System. After a company reduces its registered capital in accordance with the provisions of the preceding paragraphs, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

When a company reduces its registered capital in violation of the provisions of the PRC Company Law, its shareholders shall refund the funds they have received, and if the capital contributions of the shareholders are reduced or exempted, such capital contributions shall be restored to the original status; if any loss is caused to the company, the shareholders and the liable directors, supervisors and senior management shall bear the liability for compensation.

Repurchase of Shares

Under the provisions of the PRC Company Law, a company shall not repurchase its own shares except in the following circumstances:

(I) reduction of the registered capital of the company;

(II) merger with another company that holds its shares;

(III) use of its shares for carrying out an employee stock ownership plan or equity incentive plan;

(IV) request from shareholders who object to a resolution of a shareholders' meeting on merger or division of the company to acquire their shares by the company;

(V) use of shares for conversion of convertible corporate bonds issued by the listed company; and

(VI) it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

A resolution of a shareholders' meeting is required for the repurchase of shares by a company under either of the circumstances stipulated in item (I) or item (II) above; for a company's repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) above, a resolution of a meeting of the Board of Directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Company's Articles of Association or as authorized by the shareholders' meeting.

The shares acquired by the company according to the above provisions under the circumstance stipulated in item (I) hereof a company shall be deregistered within 10 days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the company held in total by the company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company's total issued shares, and shall be transferred or deregistered within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

No company may provide gifts, loans, guarantees or other financial aids for others to obtain the shares of the company or the parent company thereof unless it carries out an employee stock ownership plan. For the benefits of the company, the company may, upon a resolution by the shareholders' meeting or by the Board of Directors under the Articles of Association or the authorization of the shareholders' meeting, provide financial aids for others to obtain the shares of the company or the parent company thereof, provided that the total accumulative amount of the financial aids shall not exceed 10% of the total issued share capital. A resolution by the Board of Directors shall be adopted by two thirds of all the directors.

Any director, supervisor or senior management who is liable for any loss to the company due to violation of the provisions of the preceding paragraph shall make compensations.

Transfer of Shares

The shares held by a shareholder of a company may be transferred to other shareholders or to persons other than the shareholders of the company. Where the Articles of Association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the Articles of Association. Under the PRC Company Law, a shareholder should effect a transfer of his shares on the stock exchange established in accordance with laws or by any other means as required by the State Council. The transfer of shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations. Following the transfer of shares, the company shall enter the names and domiciles of the transferee into its share register. Change of the register of members described in the preceding paragraph shall not be registered within 20 days before the convening of a shareholders' meeting or 5 days prior to the base date on which the company decides to distribute dividends. However, where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Pursuant to the PRC Company Law, shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Directors, supervisors and senior management of the company shall declare to the company the shares they hold and the changes thereof during the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. They shall not transfer the shares they hold within one year of the date of the company's listing on the stock exchange, nor within six months after they leave their positions in the company. The Articles of Association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management. Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Pursuant to the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, the shareholders of its domestic unlisted shares applying to convert its domestic unlisted shares into overseas listed shares and listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and appoint the domestic company to file with the CSRC.

Shareholders

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, the rights of shareholders include the rights:

(I) to be legally entitled to assets income, participate in significant decision-making and select management personnel;

(II) to petition the people's court to revoke any resolution of a shareholders' meeting, a shareholders' meeting or a meeting of the Board of Directors that has been convened or whose voting has been conducted in violation of the laws, administrative regulations or the Articles of Association of the company, or any resolution the contents of which is in violation of the laws, administrative regulations or the Articles of Association of the company, provided that such petition shall be submitted to the people's court within 60 days of the passing of such resolution;

(III) to transfer his/her shares legally;

(IV) to attend or appoint a proxy to attend shareholders' meeting and exercise the voting rights;

(V) to inspect and copy the Articles of Association of the company, share register, the minutes of shareholders' meeting, board resolutions, resolutions of the Board of Supervisors and the financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(VI) to receive dividends in respect of the number of shares held;

(VII) to participate in the distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(VIII) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the Articles of Association of the company.

The obligations of shareholders include the obligation to abide by the Articles of Association of the company, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's responsibilities in respect of the shares taken up by them and any other shareholder obligation specified in the Articles of Association of the company.

Shareholders' meeting

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders' meeting may exercise its powers:

(I) to elect or replace the directors and supervisors and to decide on their remunerations;

(II) to consider and approve the reports of the Board of Directors;

(III) to consider and approve the reports of the Board of Supervisors;

(IV) to consider and approve the company's profit distribution and loss recovery proposals;

(V) to decide on any increase or reduction of the company's registered capital;

(VI) to decide on the issue of corporate bonds;

(VII) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(VIII) to amend the Articles of Association of the company; and

(IX) to exercise any other authority stipulated in the Articles of Association of the company.

The shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, a shareholders' meeting is required to be held once a year within six months after the end of the previous accounting year. An interim shareholders' meeting is required to be held within two months upon the occurrence of any of the following:

(I) the number of directors is less than the number required by the law or less than two-thirds of the number specified in the Articles of Association of the company;

(II) the total outstanding losses of the company amounted to one-third of the company's total capital stock;

(III) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an interim shareholders' meeting;

(IV) the Board of Directors deems necessary;

(V) the Board of Supervisors so proposes; or

(VI) any other circumstances as provided for in the Articles of Associations of the company.

A shareholders' meeting is convened by the Board of Directors and presided over by the chairman of the Board of Directors. In the event that the chairman is incapable of performing or is not performing his or her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or is not performing his or her duties, a director jointly recommended by more than half of directors shall preside over the meeting. If the Board of Directors is unable to or fails to perform its duty of convening the shareholders' meeting, the Board of Supervisors shall convene and preside over such meeting in a timely manner; if the Board of Supervisors fails to convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the company's shares for more than 90 consecutive days may independently convene and preside over such meeting. If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the Board of Directors and the Board of Supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, a notice stating the time and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting if the shareholders' meeting is convened. Notice of the interim shareholders' meeting shall be given to all shareholders 15 days before the meeting. Shareholders who individually or jointly hold more than one percent of the shares of the company may submit an interim proposal in writing to the Board of Directors ten days before the shareholders' meeting is held. The Board of Directors shall notify other shareholders within two days upon receipt of the proposal, and submit the interim proposal to the shareholder's meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the Articles of Association or fails to fall into the scope of functions of the shareholders' meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal. A company offering shares to the public shall make the notices as mentioned in the preceding paragraphs by way of announcement. The shareholders' meeting shall not make any resolution on any matter not specified in the notice.

According to the PRC Company Law, shareholders present at shareholders' meeting shall have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting pursuant to the provisions of the Articles of Association of the company or a resolution of the shareholders' meeting. Under the accumulative voting system, when the shareholders' meeting elects directors or supervisors, each share has the same voting rights as the number of directors or supervisors to be elected, and the voting rights owned by shareholders can be used collectively.

Under the PRC Company Law, the passing of any resolution at the shareholder's meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the shareholder's meeting except in cases of proposed amendments to a Articles of Association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the shareholder's meeting.

Minutes shall be prepared in respect of matters considered at the shareholders' meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board. However, a joint stock limited company with a relatively small scale or relatively small number of shareholders may dispense with the Board of Directors and have one director to exercise the functions and powers of the Board of Directors as prescribed by the PRC Company Law. If the Board of Directors of a company has more than three members, it may include an employees' representative of the company. Where a company has 300 or more employees, the Board of Directors shall include the employees' representatives of the company unless the Board of Supervisors has been established and includes employees' representatives of the company. The employees' representatives in the Board of Directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means.

The term of office of the directors shall be provided for by the Articles of Association, but each term of office shall not exceed three years. A director may seek reelection upon expiry of the said term. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum. Where a director resigns, he/she shall notify the company in written form, and the resignation shall become effective on the day when the company receives the notice.

However, under any of the circumstances as mentioned in the preceding paragraph, the director shall continue performing his/her duties.

Under the PRC Company Law, the Board of Directors may exercise the following powers:

(I) to convene shareholders' meeting and report on its work to the shareholders' meeting;

(II) to implement the resolutions passed by the shareholders at the shareholders' meeting;

(III) to decide on the Company's operational plans and investment proposals;

(IV) to formulate the Company's proposals for profit distribution and for recovery of losses;

(V) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of corporate bonds;

(VI) to formulate proposals for the merger, division, dissolution of the Company or change in the form of the Company;

(VII) to decide on the setup of the Company's internal management organs;

(VIII) to decide on appointment or dismissal the manager of the Company and his/her remuneration matters, and as nominated by the manager, to decide on appointment or dismissal the Company's deputy general manager and financial officer and his/her remuneration matters;

(IX) to formulate the Company's basic management system; and

(X) other authority stipulated in the Articles of Association or granted by the shareholders' meeting.

Any restrictions on the functions and powers of the Board of Directors set out in the Articles of Association may not be asserted against any bona fide third party.

Under the PRC Company Law, a company may, under the Articles of Association, set up an audit committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. It may not have a Board of Supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the Board of Directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the Articles of Association, unless it is otherwise provided under the PRC Company Law. A company may set up other committees in the Board of Directors under the Articles of Association.

Meeting of the Board of Directors shall be convened at least twice a year. Notice of meeting shall be given to all Directors and Supervisors 10 days before the meeting. Interim board meeting may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Board of Supervisors. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the board meeting. The Board of Directors may otherwise determine the method of giving notice and notice period for convening an interim meeting of the Board of Directors.

No meeting of the Board of Directors may be held unless more than half of the directors are present. A resolution made by the Board of Directors shall be adopted by more than half of all the directors. For voting on a resolution of the Board of Directors, each director shall have one vote. The Board of Directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the Board of Directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the Board of Directors. Where a resolution of the Board of Directors is in violation of any law, administrative regulation, Article of Association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

Under the PRC Company Law, the following person may not serve as a director of the company:

(I) devoid of or with restricted civil conduct ability;

(II) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; within two years after being pronounced for suspension of sentence since the expiration of the suspension of sentence;

(III) within three years after insolvency and liquidation of such Company or enterprise where the person acted as a director, factory manager or business manager and has been held accountable for the insolvency;

(IV) within three years after company or enterprise the person acted as legal representative is revoked business license and ordered to shut down for violating law on which the person is held accountable; and

(V) being listed as a dishonest person subject to enforcement by the people's court due to large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or designation shall be invalid. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the Company.

In addition, the Guidelines for Articles of Association of Listed Companies further stipulates other circumstances under which a person is disqualified from acting as a director of a company, including: (1) a person who has been banned from the securities market by the CSRC where the relevant period remains unexpired; or (2) a person who is banned from doing so in accordance with other laws, administrative regulations or departmental rules.

Under the PRC Company Law, the Board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meeting and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

Board of Supervisors

A joint stock limited company shall have a Board of Supervisors composed of three members or more. However, a joint stock limited company (i) with a relatively small scale or relatively small number of shareholders may dispense with the Board of Supervisors, but may have one supervisor, who shall exercise the functions and powers of the Board of Supervisors, and (ii) may not have a Board of Supervisors or supervisors if it sets up an audit committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. The Board of Supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the Company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the Articles of Association. Representatives of the Company's staff at the Board of Supervisors shall be democratically elected by the Company's staff at the staff representative assembly, general staff meeting or otherwise.

The Board of Supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the Board of Supervisors shall be elected by more than half of all the supervisors. Directors and senior management shall not act concurrently as supervisors. The chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting. Where the chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, the vice chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting. Where the vice chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over the Board of Supervisors meeting.

The supervisors serve three-year terms. A supervisor may serve consecutive terms if re-elected upon the expiration of his/her term. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The Board of Supervisors may exercise its powers:

(I) to review the company's financial position;

(II) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the Articles of Association or resolutions of the shareholders' meeting;

(III) when the acts of a director or senior management are detrimental to the company's interests, to require the director and senior management to correct these relevant acts;

(IV) to propose the convening of extraordinary shareholders' meeting and to convene and preside over shareholders' meeting when the board fails to perform the duty of convening and presiding over shareholders' meeting under the PRC Company Law;

(V) to submit proposals to the shareholders' meeting;

(VI) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and

(VII) to exercise any other authority stipulated in the Articles of Association.

Supervisors may be present at board meeting and make inquiries or proposals in respect of the resolutions of the Board of Directors. The Board of Supervisors may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

According to the Transitional Period Arrangements for the Implementation of the Rules of the Supporting System of the New Company Law 《關於新(<公司法>配套制度規則實施相關過渡期安排》) issued by the CSRC on December 27, 2024, listed companies shall, prior January 1, 2026, establish an audit committee in the board of directors in accordance with the provisions of the Company Law, the Provisions of the State Council on Implementing the Registration Management System for Registered Capital under the Company Law of the PRC (《國務院關於實施<中華人民共和國公司法>註冊資本登記管理制度的規定》) and the rules of the supporting system of the CSRC, etc., to exercise the functions and powers of the Board of Supervisors as stipulated in the Company Law, and shall not establish Board of Supervisors or supervisors. Before a listed company adjusts the establishment of its internal supervision organization, the Board of Supervisors or supervisors shall continue to comply with the provisions of the original rules and systems of the CSRC on Board of Supervisors or supervisors.

Manager and Senior Management

Pursuant to the relevant provisions of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the Board of Directors. The manager shall be responsible to the Board of Directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the Board of Directors. The manager shall attend the meeting of the Board of Directors as a non-voting member.

According to the relevant provisions of the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the Board of Directors of a listed company and other personnel as stipulated in the Articles of Association.

Duties of Directors, Supervisors, General Managers and Other Senior Management

Directors, supervisors and senior management shall comply with laws, administrative regulations and the Articles of Association.

Directors, supervisors and senior management shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers. The directors, supervisors and senior management shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

The provisions of the preceding paragraphs shall apply to the controlling shareholder or actual controller of a company who does not serve as a director but actually executes the affairs of the company.

In the meantime, directors, supervisors and senior management are prohibited from:

(I) embezzling the property or misappropriating the funds of the company;

(II) depositing company funds into accounts under their own names or the names of other individuals;

(III) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

(IV) accept commissions from transactions between others and the company for their own benefits;

(V) unauthorized divulgence of confidential information of the company; and

(VI) other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes laws, administrative regulations or Articles of Association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. The Board of Supervisors may demand the directors or senior management to submit reports on the performance of their duties. The directors and senior management shall truthfully provide relevant information and materials to the Board of Supervisors, none of them may impede the exercise of powers by the Board of Supervisors or supervisors.

Where the directors and senior management violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the Board of Supervisors to initiate proceedings in the people's court.

Where the supervisors violate the laws, administrative regulations or the Articles of Association in performance of duties resulting in any loss to the company, the aforementioned shareholder(s) may request in writing that the Board of Directors institute litigation at a people's court. Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the Board of Supervisors or the Board of Directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the company. For other parties who infringe the lawful interests of the company resulting in loss to the company, the aforementioned shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where any director or senior management violates the provisions of laws, administrative regulations or the Articles of Association, damaging interests of shareholders, the shareholders may file a lawsuit with the people's court.

If a director, supervisor or senior management of a wholly-owned subsidiary of the company violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, or if the legitimate rights and interests of a wholly-owned subsidiary of the company are impaired by any other person, thus causing any losses, the shareholders of a limited liability company or shareholders of a joint stock limited company individually and jointly holding 1% or more of the total shares of the company for 180 consecutive days or more may request the Board of Supervisors or the Board of Directors of the wholly-owned subsidiary in written form to initiate a lawsuit in the people's court or directly files a lawsuit with the people's court in their own name.

Finance, Accounting and Profit Distribution

According to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. A company shall prepare its financial reports at the end of each accounting year which shall be audited by accounting firm according to law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council. The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual shareholder's meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve fund. However, when the cumulative amount of the reserve fund has reached more than 50% of the PRC company's registered capital, it may no longer be allocated. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association. Profit shall not be distributed for a company's shares held by this company.

Where a company distributes profits to shareholders in violation of the relevant provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior management shall be held liable for compensation if any loss is caused to the company.

If the shareholders' meeting resolves to distribute profits, the Board of Directors shall do so within six months after the resolution is made.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company's funds shall not be deposited in any account opened under the name of an individual.

After a company reduces its registered capital in accordance with the provisions of the PRC Company Law, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

Appointment and Dismissal of Auditors

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the auditing of the company shall be determined by shareholders at a shareholders' meeting, the Board of Directors or the Board of Supervisors in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the shareholders' meeting, the Board of Directors or the Board of Supervisors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or misrepresentation of information.

Amendment to Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's Articles of Association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the Articles of Association approved by the resolution of the shareholder's meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the Articles of Association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

Dissolution and Liquidation

Pursuant to PRC Company Law, a company shall be dissolved for any of the following reasons:

(I) upon expiry of term of business stipulated in the Articles of Association or occurrence of other circumstances of dissolution stipulated in the Articles of Association;

(II) the shareholders' meeting has resolved to dissolve the company;

(III) the company is dissolved by reason of its merger or division;

(IV) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(V) Where the company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of the shareholders if the company continues its existence and the situation cannot be resolved by other means, the company is dissolved by a people's court in response to the request of shareholders representing 10% or more of the voting rights of all shareholders of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where a company falls under the circumstance as mentioned in Items (I) or (II) of the paragraph above and it has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting.

To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions of the preceding paragraph, the consent of two thirds or more of the voting rights of the shareholders who attend the meeting of the shareholders' meeting is required.

Where the company is dissolved under the circumstances set forth in item (I), (II), (IV) or (V) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' meeting.

The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation committee may exercise following powers during the liquidation:

(I) to verify the Company's assets and to prepare a balance sheet and an inventory of assets;

(II) to inform creditors by notice or announcement;

(III) to deal with and settle any outstanding business of relevant company;

(IV) to pay all outstanding taxes and the taxes arising during the liquidation process;

(V) to settle claims and debts;

(VI) to distribute the company's remaining assets after its debts have been paid off; and

(VII) to represent the company in civil lawsuits.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification.

The creditors shall explain matters relating to their claims and provide evidential documents. The liquidation committee shall register the creditor's claims. In the claims declaration period, the liquidation committee shall not make repayment to the creditors.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance fees and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue its existence during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, during the period of survival, a company has not incurred any debts or has paid off all the debts, the company may, upon a commitment of all the shareholders, be deregistered under the summary procedures according to the relevant provisions. The deregistration of a company under the summary procedures shall be announced through the National Enterprise Credit Information Publicity System for a period of no less than 20 days. If there is no objection after the expiry of the announcement period, the company may apply for deregistration of the company with the company registration authority within 20 days.

For a company deregistered under the summary procedures, its shareholders shall be jointly and severally liable for the debts incurred before the deregistration if they have made an untrue commitment.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company. Such deregistration of a company will not affect the liability of the original shareholders or liquidation obligors.

Overseas Listing

According to the Overseas Listing Trial Measures, the securities refer to stocks, depositary receipts, and corporate bonds that can be converted into stocks or other securities of an equity nature that are directly or indirectly offered and listed overseas by domestic companies. The direct overseas offering and listing of domestic companies refer to such overseas offering and listing of a joint stock limited company incorporated in the territory of PRC. The indirect overseas offering and listing of domestic companies refer to such overseas offering and listing made in the name of an offshore entity but based on the equity, assets, earnings, or other similar rights of a domestic company that operates its main business domestically.

The Overseas Listing Trial Measures also provide the conditions for overseas offering and listing. An overseas offering and listing are prohibited under any of the following circumstances:

(I) the listing and financing fall under specific prohibition in the laws, administrative regulations, and relevant national provisions;

(II) the overseas offering and listing may constitute endangerment to national security as reviewed and determined by competent authorities under the State Council in accordance with law;

(III) the domestic company and its controlling shareholder(s), actual controllers, have a criminal record in recent three years for corruption, bribery, encroachment of assets, misappropriation of assets, or disruption of socialist market economy order;

(IV) the domestic company is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached;

(V) there are material ownership disputes over the equities held by the controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

In addition, under the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted.

In the event of the occurrence of any of the following material events after the overseas offering and listing, the PRC domestic companies shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event:

(I) change of control;

(II) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities;

(III) change of the listing status or transfer of listing board;

(IV) voluntary or compulsory termination of listing.

Pursuant to the Provisions on Confidentiality, which was issued by the CSRC, MOF, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented since March 31, 2023, a domestic enterprise that provides or through its overseas listed entity, publicly discloses or provides to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any document and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and files with the secrecy administrative department at the same level. A domestic enterprise that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Division

Pursuant to the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating, and supervising all securities related institutions in the PRC, and administering CSRC. The CSRC is the regulatory executive body of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) governing the application and approval procedures for public offerings of shares, issuance of and trading in shares, the acquisition of listed companies, deposit, clearing, and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

The Securities Law of the PRC (《中華人民共和國證券法》) (the "PRC Securities Law") took effect on July 1, 1999, and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The latest revised PRC Securities Law took effect on March 1, 2020. The PRC Securities Law is the first national securities law in the PRC, comprehensively regulating activities in the PRC securities market. It is divided into 14 chapters and 226 articles, including the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies, and the responsibilities of the securities registration and settlement institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises issuing shares overseas directly or indirectly or listing their shares overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign-issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "PRC Arbitration Law") was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995, and was amended on August 27, 2009, and September 1, 2017. The PRC Arbitration Law is applicable to, among other matters, economic disputes involving foreign parties where all parties had entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee, the making of an award on matters beyond the scope of the arbitration agreement, or the jurisdiction of the arbitration commission).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958, pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the SCNPC declared that (I) the PRC would only apply the Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (II) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An agreement has been reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. The Supreme People's Court of China issued the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020, which went into effect on November 27, 2020. The arrangements reflect the spirit of the New York Convention. Pursuant to the arrangements, awards made by PRC arbitral authorities acknowledged by Hong Kong arbitration rules can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in mainland China. Where a court of the mainland China finds that enforcement in the mainland China of the ruling made by the Hong Kong arbitral authority will violate public interests of the mainland China, execution of the ruling may be ignored.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND THE PRC COMPANY LAW

As a joint stock limited company established in the PRC that is seeking a [**REDACTED**] of shares on the stock exchange, we are governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing in accordance with the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

According to the PRC Company Law, a joint stock limited company may be incorporated by promotion or raising.

Share Capital

Under the PRC Securities Law, an application for listing shall comply with the listing rules of the stock exchange.

According to the PRC Company Law, a shareholder may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law, except the property that may not be used as capital contributions according to any law or administrative regulation. The non-monetary property as capital contributions shall be assessed and verified, which may not be overvalued or undervalued. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

Restrictions on Shareholding and Transfer of Shares

Under the PRC law, the Unlisted Shares, which are denominated and subscribed for in Renminbi, can only be subscribed for and traded by PRC investors, qualified overseas institutional investors or qualified overseas strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for, and traded by, investors from countries and regions outside the PRC or other qualified PRC institutional investors. If the H Shares are eligible securities under the Southbound Trading Link, they are also available for subscription and trading by domestic investors in the PRC pursuant to the rules and restrictions of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

According to the PRC Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. The directors, supervisors and senior management of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association.

Notice of Shareholders' Meeting

According to the PRC Company Law, notice of annual shareholder's meeting must be given not less than 20 days before the meeting, while notice of an interim shareholders' meeting must be given not less than 15 days before the meeting.

Quorum for Shareholder's meeting

The PRC Company Law does not specify any quorum requirement for a shareholder's meeting.

Voting at Shareholder's meeting

According to the PRC Company Law, a resolution made by the shareholders' meeting shall be adopted by the shareholders representing more than half of the voting rights.

A resolution made by the shareholders' meeting on modifying the articles of association, increasing or decreasing the registered capital, as well as merger, division, dissolution or change of corporate form of the company shall be adopted by the shareholders representing more than two thirds of the voting rights.

Variation of Class Rights

According to the PRC Company Law, where any of the matters occurs to a company that issues classified shares and may affect the rights of the classified shareholders, it shall not only be decided by the shareholders' meeting, but also be adopted by shareholders representing two thirds of the voting rights who are present at the classified shareholders' meeting.

Directors

According to the PRC Company Law, where any director directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, which shall be subject to the resolution of the board of directors or shareholders' meeting according to the articles of association. Where any of the near relatives of the directors, or any of the enterprises directly or indirectly controlled by the directors, or any of their near relatives, or any of the related parties who has any other related-party relationship with the directors, concludes a contract or conducts a transaction with the company, the aforesaid provisions shall apply. Where a director is removed prior to the expiration of term of office without any justifiable reason, the director may require the company to make compensation.

The PRC Company Law, unlike the Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval.

Board of Supervisors

According to the PRC Company Law, if a joint stock limited company has a board of supervisors, the directors and senior management of the company are subject to the supervision of the board of supervisors.

Derivative Action by Minority Shareholders

According to the PRC Company Law, where any director, supervisor or senior management violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. If the supervisors violate the relevant provisions of the Company Law, the above shareholders may request in writing the board of directors to initiate litigation at the people's court. Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Guidelines for the Articles of Association also provide other remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors of the company in default.

Protection of Minorities

The PRC Company Law provides that where a company meets any serious difficulty in its operation or management, and the interests of its shareholders will be subject to heavy loss if the company survives, which cannot be solved by any other means, the shareholders who hold 10% or more of the voting rights of the company may request the people's court to dissolve the company.

The Guidelines for the Articles of Association also provide other remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors of the company in default.

Financial Disclosure

According to the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' meeting. In addition, a joint stock limited company of which the public offering Shares are offered should publish its financial report.

According to the PRC Company Law, a company shall at the end of each accounting year prepare a financial report which shall be audited by the accounting firm in accordance with the laws.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect and copy the Articles of Association, minutes of the shareholders' meeting, resolutions of meetings of the board of directors or board of supervisors, and financial and accounting reports.

Corporate Reorganization

According to the PRC Company Law, the merger, demerger, dissolution or change to the forms of a joint stock limited company has to be approved by shareholders at shareholder's meeting.

Statutory Deductions

According to the PRC Company Law, a company shall draw 10% of the profits as its statutory reserve fund before it distributes any profits after taxation. When the aggregate amount of the company's statutory reserve fund reaches 50% of the company's registered capital, the company may no longer make allocations from the statutory reserve fund. After a company has made an allocation to its statutory reserve fund from its after-tax profit, it may make an allocation to its discretionary reserve fund from its after-tax profit upon a resolution approved at the shareholders' meeting.

Remedies of Company

According to the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages.

Dividend

Under the PRC Company Law, the residual after-tax profits after a company has made up its losses and accrued reserve shall be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the articles of association.

Fiduciary Duties

Under the PRC Company Law, directors, supervisors, managers and other senior management personnel of a company have the duty of loyalty and diligence to the company. Such persons shall abide by the articles of association of the company, perform their duties honestly and diligently, safeguard the interests of the company, and shall not use their position and authority in the company for their personal gain.

Closure of Register of Members

According to the PRC Company Law, the register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was established as a limited liability company under the laws of the PRC on October 19, 2006 and was converted into a joint stock company with limited liability on August 19, 2015. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●], and have established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong. Ms. Zhang Xiao (張瀟) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law is set out in "Summary of Articles of Association", "Taxation and Foreign Exchange" and "Summary of Principal Legal and Regulatory Provisions" in Appendices III, IV and V to this document, respectively.

2. Changes in the Share Capital of our Company

On March 18, 2024, our Company completed the cancelation of 6,620,784 restricted Shares repurchased under its 2020 Restricted Share Incentive Scheme. Following this cancelation, the total number of Shares decreased from 710,677,844 to 704,057,060.

A repurchase mandate for the repurchase of A Shares for the purpose of our Company's share incentive or employee stock ownership scheme was approved by the Board on February 1, 2024 (the "**2024 Repurchase Mandate**"). The 2024 Repurchase Mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board. As of May 8, 2024, the repurchase of A Shares was completed under the 2024 Repurchase Mandate with a total of 12,242,818 A Shares repurchased pursuant to transactions conducted between February 5, 2024 and May 8, 2024. Upon repurchase, the repurchased A Shares are held under our Company stock repurchase account and do not carry any shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights. Any repurchased A Shares not granted to employees within 36 months after the completion of the repurchase shall be canceled.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report in Appendix I to this document.

The following subsidiaries of our Company were incorporated within two years immediately preceding the date of this document:

No.	Name of subsidiary	Place of Incorporation	Date of Incorporation	Initial registered capital/share capital
1 . . .	Zhuhai Jinxia Xinho Digital Technology Co., Ltd.* (珠海金廈信合數字科技有限公司)	PRC	October 17, 2024	RMB10,000,000
2 . . .	Chongqing Yuxin Xinghang Technology Co., Ltd.* (重慶宇信星航科技有限公司)	PRC	December 4, 2024	RMB10,000,000
3 . . .	Shenzhen Yuxin Yunchuang Technology Co., Ltd.* (深圳市宇信雲創科技有限公司)	PRC	December 17, 2024	RMB50,000,000
4 . . .	Beijing Yuxin Huizhi Technology Co., Ltd.* (北京宇信匯智科技有限公司)	PRC	December 23, 2024	RMB10,000,000
5 . . .	Beijing Yuxin Xinghan Technology Co., Ltd.* (北京宇信星翰科技有限公司)	PRC	March 10, 2025	RMB10,000,000

The following sets out the changes in the registered capital of subsidiaries of our Group within the two years immediately preceding the date of this document:

No.	Name	Change	Registered Capital After Change	Date of Change
1 . . .	Beijing Weitong Xincheng Network Technology Co., Ltd. (北京微通新成網絡科技有限公司)	The registered capital increased from RMB10,000,000 to RMB12,250,000	RMB12,250,000	June 30, 2023

4. Resolutions of Our Shareholders

On April 21, 2025 and May 28, 2025, resolutions of our Shareholders were passed pursuant to which, among other things:

(a) the Articles was approved and adopted with effect from the [**REDACTED**];

(b) the [**REDACTED**] (including the [**REDACTED**], [**REDACTED**] and [**REDACTED**]) and the [**REDACTED**] were approved and our Directors were authorized to allot and [**REDACTED**] the [**REDACTED**] pursuant to the [**REDACTED**]; and

(c) the number of H Shares to be [**REDACTED**] shall be up to [**REDACTED**]% of the total share capital of our Company upon completion of the [**REDACTED**] and before any exercise of the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares initially [**REDACTED**] pursuant to the [**REDACTED**].

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contract

The following contracts (not being contracts entered into in the ordinary course of the business carried on or intended to be carried on by our Company) were entered into by any member of our Group within the two years preceding the date of this document and are or may be material:

(a) the [**REDACTED**].

2. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of Registration	Registration Number	Expiry Date
1 . .		9	Our Company	PRC	81177179	March 13, 2035
2 . .		42	Our Company	PRC	81191973	March 13, 2035
3. . .	CODEPAL	9	Our Company	PRC	78376570	October 27, 2034
4. . .	CODEPAL	9	Our Company	PRC	73807483	November 27, 2034
5. . .	宇信云豹	9	Our Company	PRC	60178712	April 27, 2032
6. . .	宇信云豹 Yusys Cloud Cheetah	42	Our Company	PRC	60169273	April 27, 2032

No.	Trademark	Class	Registrant	Place of Registration	Registration Number	Expiry Date
7. . .	Yusys Cloud Cheetah	9	Our Company	PRC	60170778	April 20, 2032
8. . .	宇信云豹	42	Our Company	PRC	60152026	April 27, 2032
9. . .	宇信云豹	42	Our Company	PRC	60166093	April 20, 2032
10. .	宇信云豹	9	Our Company	PRC	60180294	April 20, 2032
11. .	宇信云豹	35	Our Company	PRC	60155503	April 20, 2032
12. .	宇信云豹	9	Our Company	PRC	60170767	April 20, 2032
13. .	Yusys Cloud Cheetah	42	Our Company	PRC	60169249	April 20, 2032
14. .	Yusys Cloud Cheetah	35	Our Company	PRC	60170822	April 20, 2032
15. .	宇信云豹	35	Our Company	PRC	60175872	April 20, 2032
16. .	宇信云豹 Yusys Cloud Cheetah	35	Our Company	PRC	60169230	April 27, 2032
17. .	宇信鸿泰	35	Our Company	PRC	58421996	January 27, 2032
18. .	宇信鸿泰	42	Our Company	PRC	58426716	March 13, 2032
19. .	宇信鸿泰	36	Our Company	PRC	58438847	February 6, 2032
20. .	宇信鸿泰	9	Our Company	PRC	58411560	February 6, 2032
21. .	宇信大厦 YU XIN TOWER	42	Our Company	PRC	50415611	August 27, 2031
22. .	宇信大厦 YU XIN TOWER	39	Our Company	PRC	50422674	June 27, 2031
23. .	宇信大厦 YU XIN TOWER	36	Our Company	PRC	50415596	August 6, 2031
24. .	宇信大厦 YU XIN TOWER	41	Our Company	PRC	50407862	September 13, 2031
25. .	宇信科技	41	Our Company	PRC	50369870	June 20, 2031

No.	Trademark	Class	Registrant	Place of Registration	Registration Number	Expiry Date
26.	宇信科技	36	Our Company	PRC	50369857	June 20, 2031
27.	宇信科技	42	Our Company	PRC	50383085	June 20, 2031
28.	宇信科技	9	Our Company	PRC	50363260	June 20, 2031
29.	Yusys Technologies	35	Our Company	PRC	36526694	February 27, 2031
30.	Yusys Technologies	9	Our Company	PRC	36531852	August 6, 2031
31.	Yusys Technologies	42	Our Company	PRC	36499448	August 13, 2030
32.	Yusys Technologies	9	Our Company	PRC	36497076	December 27, 2030
33.	Yusys Technologies	41	Our Company	PRC	36526678	July 20, 2030
34.	Yusys Technologies	36	Our Company	PRC	36494143	August 13, 2030
35.		36	Our Company	PRC	28390116	May 20, 2031
36.	Yusys Technologies	42	Our Company	PRC	28389909	December 13, 2028
37.		9	Our Company	PRC	28411534	June 13, 2031
38.		42	Our Company	PRC	28382093	March 13, 2031
39.	Yusys Technologies	35	Our Company	PRC	28407907	December 13, 2028
40.	Yusys Technologies	9	Our Company	PRC	28382083	December 13, 2028
41.	宇信科技	36	Our Company	PRC	28395974	January 20, 2030
42.	Yusys Technologies	36	Our Company	PRC	28401975	December 13, 2028
43.	宇信科技	42	Our Company	PRC	28385041	April 13, 2030
44.	Yusys Technologies	41	Our Company	PRC	28382086	December 13, 2028
45.	宇信科技	41	Our Company	PRC	28387550	February 6, 2030

No.	Trademark	Class	Registrant	Place of Registration	Registration Number	Expiry Date
46. .	宇信科技	9	Our Company	PRC	28395972	January 27, 2031
47. .	YK 大宇信	9	Our Company	PRC	27108905	October 13, 2028
48. .	Liana	36	Our Company	PRC	13860129	March 6, 2035
49. .	Liana	42	Our Company	PRC	13860128	April 20, 2035
50. .	Liana	9	Our Company	PRC	13860130	February 20, 2035
51. .	Liana	9	Our Company	PRC	13846362	March 13, 2035
52. .	Liana	36	Our Company	PRC	13846361	March 13, 2035
53. .	Liana	42	Our Company	PRC	13846360	March 13, 2035
54. .	宇信易诚 YUCHENG	9	Our Company	PRC	6693791	October 6, 2030
55. .	宇信易诚 YUCHENG	36	Our Company	PRC	6693793	September 6, 2030
56. .	宇信易诚 YUCHENG	36	Our Company	PRC	6693790	September 6, 2030
57. .	YUCHENG Technologies Limited	36	Our Company	PRC	6693985	October 13, 2030
58. .	YUCHENG Technologies Limited	9	Our Company	PRC	6693986	February 6, 2031
59. .	宇信易诚 YUCHENG	9	Our Company	PRC	6693792	February 6, 2031
60. .	宇信易诚 YUCHENG	42	Our Company	PRC	6693794	December 20, 2030
61. .	YUCHENG Technologies Limited	42	Our Company	PRC	6693984	November 6, 2030
62. .	宇信易诚	9	Our Company	PRC	5891776	November 27, 2029
63. .	宇信易诚 yucheng	42	Our Company	PRC	5891774	April 20, 2030
64. .	宇信易诚 yucheng	36	Our Company	PRC	5891775	July 6, 2030
65. .	宇信鸿泰 SIHITECH	42	Our Company	PRC	3943497	November 27, 2026

No.	Trademark	Class	Registrant	Place of Registration	Registration Number	Expiry Date
66. .	宇诚	42	Our Company	PRC	11980903	June 20, 2034
67. .	RONGLIAN	42	Xi'an Yuxin Ronghui Network Technology Co., Ltd (西安宇信融匯網絡科技有限公司)	PRC	22805514	February 20, 2028
68. .		35	Xi'an Yuxin Ronghui Network Technology Co., Ltd (西安宇信融匯網絡科技有限公司)	PRC	22805644	February 27, 2028
69. .	融联快购	42	Xi'an Yuxin Ronghui Network Technology Co., Ltd (西安宇信融匯網絡科技有限公司)	PRC	22805818	February 20, 2028
70. .		9, 35, 38, 42	Beijing Microdone Network Technology Co., Ltd (北京微通新成網絡科技有限公司)	PRC	17998759	November 6, 2026
71. .	签名信使	9, 35, 38, 42	Beijing Microdone Network Technology Co., Ltd (北京微通新成網絡科技有限公司)	PRC	17998850	November 6, 2026
72. .	SignMessenger	9, 35, 38, 42	Beijing Microdone Network Technology Co., Ltd (北京微通新成網絡科技有限公司)	PRC	17998845	November 13, 2026
73. .		9	Beijing Microdone Network Technology Co., Ltd (北京微通新成網絡科技有限公司)	PRC	9071582	January 27, 2032
74. .	PassGuard	9	Beijing Microdone Network Technology Co., Ltd (北京微通新成網絡科技有限公司)	PRC	9071614	January 27, 2032
75. .	MailCloak	9	Beijing Microdone Network Technology Co., Ltd (北京微通新成網絡科技有限公司)	PRC	9071475	January 27, 2032
76. .	键盘芭蕾	9	Beijing Microdone Network Technology Co., Ltd (北京微通新成網絡科技有限公司)	PRC	9071407	January 6, 2034
77. .	PassDancer	9	Beijing Microdone Network Technology Co., Ltd (北京微通新成網絡科技有限公司)	PRC	7652566	March 6, 2031

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
1 . .	A Voice Recognition Method and System (一種語音識別方法及系統)	Inventory Patent	Our Company	PRC	ZL202510271777.X	March 10, 2025
2. . .	A Data Quality Analysis Method and System (一種數據質量分析方法及系統)	Inventory patent	Our Company	PRC	ZL202311805076.7	December 26, 2023
3. . .	A Method and Device for Automatically Generating Test Case Messages and Assertions (一種自動生成測試用例報文和斷言的方法及裝置)	Inventory patent	Our Company	PRC	ZL202410766909.1	June 14, 2024
4. . .	An Intelligent Data Asset Inventory Method and System (一種智能化數據資產盤點方法和系統)	Inventory patent	Our Company	PRC	ZL202311744642.8	December 18, 2023
5. . .	A Streaming Task Scheduling Method, Engine, and System (一種流式任務調度方法、引擎和系統)	Inventory patent	Our Company	PRC	ZL202410805636.7	June 21, 2024
6. . .	A Generation Method, Device, Medium, and Equipment for Distributed Cross-Protocol Callback Transactions (分布式跨協議回調交易的生成方法、裝置、介質和設備)	Inventory patent	Our Company	PRC	ZL202410767733.1	June 14, 2024

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
7. . .	An Indicator Data Analysis Engine, Calculation Device, and Calculation Method (一種指標數據分析引擎、指標數據計算裝置和計算方法)	Inventory patent	Our Company	PRC	ZL202311738051.X	December 18, 2023
8. . .	A Data Development Platform and Data Development Method (一種數據開發平台和數據開發方法)	Inventory patent	Our Company	PRC	ZL202311716998.0	December 14, 2023
9. . .	A Data Security Engine, Data Security Access System, and Access Method (一種數據安全引擎、數據安全訪問系統和訪問方法)	Inventory patent	Our Company	PRC	ZL202311707532.4	December 13, 2023
10. .	An AI-Based Data Modeling Method, Device, Medium, and Equipment (一種人工智能的數據建模方法、裝置、介質和設備)	Inventory patent	Our Company	PRC	ZL202311707533.9	December 13, 2023
11. .	A Self-Service Ticket Issuance Method and System to Prevent Blank Tickets (可有效防止輸出空白票據的自助票據簽發方法及相應系統)	Inventory patent	Our Company	PRC	ZL201810157644.X	February 24, 2018
12. .	A Distributed Message Management System and Method (一種分布式消息管理系統和方法)	Inventory patent	Our Company	PRC	ZL202111614756.1	December 27, 2021

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
13. .	A Task Scheduling Platform and Task Scheduling Method (一種任務調度平台及任務調度方法)	Inventory patent	Our Company	PRC	ZL202210354037.9	April 6, 2022
14. .	A Visual Monitoring Method, Server, and System for Operational Status (運行狀態可視化監測方法、服務器和系統)	Inventory patent	Our Company	PRC	ZL202310000839.4	January 3, 2023
15. .	A Transaction Data Processing System, Method, Medium, and Equipment (一種交易數據的處理系統、處理方法、介質和設備)	Inventory patent	Our Company	PRC	ZL202111654532.3	December 30, 2021
16. .	A Processing Method, Device, System, Medium, and Equipment for Distributed File Systems (分布式文件系統的處理方法、裝置、系統、介質和設備)	Inventory patent	Our Company	PRC	ZL202210208799.8	March 4, 2022
17. .	A Verification Method, Device, Medium, and Equipment for Distributed Time-Wheel Group Registration (分佈式時間輪分組註冊的校驗方法、裝置、介質和設備)	Inventory patent	Our Company	PRC	ZL202210553280.3	May 20, 2022
18. .	A Message Processing System and Method (一種消息處理系統和消息處理方法)	Inventory patent	Our Company	PRC	ZL202111617631.4	December 27, 2021

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
19. .	A Data Source Fetching Method, Device, Medium, and Equipment for Decision Engines (用於決策引擎的數據源取數方法、裝置、介質和設備)	Inventory patent	Our Company	PRC	ZL202210067637.7	January 20, 2022
20. .	A Data Processing Method, Medium, Equipment, and System for Joint Loans (一種用於聯合貸的數據處理方法、介質、設備和系統)	Inventory patent	Our Company	PRC	ZL202210118915.7	November 19, 2021
21. .	A Management Method, System, Medium, and Equipment for Champion-Challenger Strategies (一種冠軍挑戰者策略的管理方法、系統、介質和設備)	Inventory patent	Our Company	PRC	ZL202111665497.5	December 31, 2021
22. .	A Syntax Analysis Method, Device, and Decision Engine for Rule Execution Files (一種規則運行文件的語法分析方法、裝置和決策引擎)	Inventory patent	Our Company	PRC	ZL202210714784.9	June 23, 2022
23. .	A Decision Flow Simulation Method, Device, Medium, and Equipment (一種決策流仿真方法、裝置、介質和設備)	Inventory patent	Our Company	PRC	ZL202210093657.1	January 26, 2022

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
24. .	A Batch Processing System, Method, Medium, and Equipment for Account Transfer Transaction Files (傳帳類交易文件的批處理系統、處理方法、介質和設備)	Inventory patent	Our Company	PRC	ZL202111654541.2	December 30, 2021
25. .	An Asynchronous Communication Task Execution Method, Device, Electronic Equipment, and Storage Medium (異步通訊的任務執行方法、裝置、電子設備和存儲介質)	Inventory patent	Our Company	PRC	ZL202210547767.0	May 20, 2022
26. .	A Processing Method, Device, Medium, and Equipment for Distributed Asynchronous Data Communication (一種異布式非同步數據通訊的處理方法、裝置、介質和設備)	Inventory patent	Our Company	PRC	ZL202111459260.1	December 2, 2021
27. .	A Credit Application Processing Method, Device, Electronic Equipment, and Storage Medium (一種授信申請處理方法、裝置、電子設備和存儲介質)	Inventory patent	Our Company	PRC	ZL202210547704.5	May 20, 2022

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
28. .	A Backtesting Method, Device, System, and Decision Engine for Business Rule Models (業務規則模型的回溯測試方法、裝置、系統及決策引擎)	Inventory patent	Our Company	PRC	ZL202111504329.8	December 10, 2021
29. .	A Processing Method, System, Medium, and Equipment for Distributed Data Routing (一種分布式數據路由的處理方法、系統、介質和設備)	Inventory patent	Our Company	PRC	ZL202111466536.9	December 3, 2021
30. .	A Code Auto-Generation Method, Medium, Equipment, and System (一種代碼自動生成方法、介質、設備和系統)	Inventory patent	Our Company	PRC	ZL202111446341.8	November 30, 2021
31. .	A Testing Method, Platform, Device, Server, and Storage Medium (測試方法、測試平台、測試裝置、服務器及存儲介質)	Inventory patent	Our Company	PRC	ZL202210175766.8	February 25, 2022
32. .	A Message Processing Method and System (報文處理方法及系統)	Inventory patent	Our Company	PRC	ZL202110737315.4	June 30, 2021
33. .	A Visual Development Platform, Method, Medium, and Equipment (一種可視化開發平台、方法、介質和設備)	Inventory patent	Our Company	PRC	ZL202111005799.X	August 30, 2021

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
34. .	A Metadata Management Platform and Management Method (一種元數據管理平台及管理方法)	Inventory patent	Our Company	PRC	ZL202111515234.6	December 13, 2021
35. .	A Database Access Method and System (一種數據庫訪問方法和系統)	Inventory patent	Our Company	PRC	ZL202111473193.9	December 6, 2021
36. .	A Data Processing Method, Medium, Equipment, and System for Joint Loans (一種用於聯合貸的數據處理方法、介質、設備和系統)	Inventory patent	Our Company	PRC	ZL202111372983.8	November 19, 2021
37. .	A Multi-Component Front-End Interface Layout Method, Device, Electronic Equipment, and Storage Medium (多組件的前端介面佈局方法、裝置、電子設備和存儲介質)	Inventory patent	Our Company	PRC	ZL202110158384.X	February 5, 2021
38. .	A Job Scheduling Control Method, Device, Equipment, and Storage Medium (一種作業調度控制方法、裝置、設備和存儲介質)	Inventory patent	Our Company	PRC	ZL202011562791.9	December 25, 2020

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
39. .	An Interface Development Method, No-Code Engine, and No-Code Data Interface Development System (接口開發方法、零代碼引擎和零代碼數據接口開發系統)	Inventory patent	Our Company	PRC	ZL202111337065.1	November 12, 2021
40. .	A No-Code Rapid Software Development Method, System, Medium, and Equipment (一種零代碼快速軟件開發方法、系統、介質和設備)	Inventory patent	Our Company	PRC	ZL202111139436.5	September 28, 2021
41. .	A Workflow Engine Operation Method, Medium, and Equipment (一種工作流引擎的工作方法、介質和設備)	Inventory patent	Our Company	PRC	ZL202011599921.6	December 30, 2020
42. .	A Message Queue Processing Method, Medium, Equipment, and System (一種消息隊列的處理方法、介質、設備和系統)	Inventory patent	Our Company	PRC	ZL202111065794.6	September 13, 2021
43. .	A Data Model Development Platform (一種數據模型開發平台)	Inventory patent	Our Company	PRC	ZL202111023534.2	September 2, 2021

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
44.	A Monitoring and Management Method, System, Medium, and Equipment Based on Enterprise Service Bus (基於企業服務總線的監控管理方法、系統、介質和設備)	Inventory patent	Our Company	PRC	ZL202110340100.9	March 30, 2021
45.	A Real-Time Points Benefits Determination Method, Device, Medium, Equipment, and System (一種積分權益即時確定方法、裝置、介質、設備和系統)	Inventory patent	Our Company	PRC	ZL202110793034.0	July 14, 2021
46.	A DDD-Oriented Software Design Method and System (面向DDD的軟件設計方法及系統)	Inventory patent	Our Company	PRC	ZL202110489421.5	May 6, 2021
47.	A Web-Based Flowchart Modeling Method, Equipment, and System (一種Web端流程圖建模方法、設備和系統)	Inventory patent	Our Company	PRC	ZL202011603371.0	December 30, 2020
48.	An ESB System Supporting Distributed Microservices (一種支援分布式微服務的ESB系統)	Inventory patent	Our Company	PRC	ZL202110338881.8	March 30, 2021
49.	A File Transfer Method and System for ESB (ESB系統的文件傳輸方法及系統)	Inventory patent	Our Company	PRC	ZL202110330575.X	March 29, 2021

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
50. .	A Data Query Method, Device, and Equipment (一種數據查詢方法、裝置及設備)	Inventory patent	Our Company	PRC	ZL202110188713.5	February 19, 2021
51. .	A Code-Generating Visual System Prototyping Method, System, and Storage Medium (可生成代碼的可視化系統原型設計方法、系統及存儲介質)	Inventory patent	Our Company	PRC	ZL202110182065.2	February 10, 2021
52. .	An Online Customizable Process Execution System, Method, Medium, and Server (一種在線自定義流程運行系統、方法、介質和服務器)	Inventory patent	Our Company	PRC	ZL202011523617.3	December 22, 2020
53. .	An Automatic Host-Standby Takeover Method and System (主備機自動接管方法和系統)	Inventory patent	Our Company	PRC	ZL202011479316.5	December 16, 2020
54. .	A System for Microservices Management (一種用於微服務管理的系統)	Inventory patent	Zhuhai Yuxin Yicheng	PRC	ZL202411738062.2	November 29, 2024
55. .	A Data Processing Method and Device (一種數據處理方法和數據處理裝置)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202410783425.8	June 18, 2024

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
56. .	A Real-Time Heterogeneous Data Synchronization Method, Device, and System Across Data Centers (一種跨數據中心的異構數據實時同步方法、裝置和系統)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202410796799.3	June 20, 2024
57. .	A Redis-Based Hot Account Transaction Method, Device, Medium, and Equipment (基於Redis的熱點賬戶交易方法、裝置、介質和設備)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202410796804.0	June 20, 2024
58. .	A Terminal Agent-Based Cluster Scaling Method, Device, Medium, and Equipment (一種基於終端代理的集群擴縮容方法、裝置、介質和設備)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202410819844.2	June 24, 2024
59. .	A Real-Time Application Data Synchronization Method, Device, and System Across Data Centers (一種跨數據中心的應用數據實時同步方法、裝置和系統)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202410796749.5	June 20, 2024

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
60. .	A Status Monitoring Method and System for Middleware Nodes (一種用於中間件節點的狀態監控方法和系統)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202410772969.4	June 17, 2024
61. .	A Processing Method and Device for Microservices Management Across Data Centers (一種跨數據中心的微服務管理處理方法和裝置)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202410772908.8	June 17, 2024
62. .	An Automatic Reconciliation Method, System, Medium, and Equipment (一種自動對賬方法、系統、介質和設備)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202410759652.7	June 13, 2024
63. .	A Creation Method, Device, and Storage Medium for Redis Connection Pools in Java Applications (一種用於Java應用的Redis連接池創建方法、裝置和存儲介質)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202410773001.3	June 17, 2024
64. .	A Data Storage Method, Device, Server, and Storage Medium (數據存儲方法、裝置、服務器及存儲介質)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202211484110.0	January 29, 2022

No	Patent	Patent Type	Patentee	Jurisdiction of Registration	Patent Number	Date of application
65. .	A Dynamic Scaling Data Migration Method, Equipment, System, and Medium (一種動態擴縮容的數據遷移方法、設備、系統和介質)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202210766267.6	July 1, 2022
66. .	A Request-Response Method, Data Storage Method, Device, Server, and Storage Medium (請求響應方法、數據存儲方法、裝置、服務器及存儲介質)	Inventory patent	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	PRC	ZL202210110110.8	January 29, 2022
67. .	An Identity Recognition Method Based on User Keystroke Dynamics (一種基於用戶擊鍵特徵的身份識別方法)	Inventory patent	Beijing Microdone Network Technology Co., Ltd. (北京微通新成網絡科技有限公司)	PRC	ZL200910236056.6	October 19, 2009

(c) Domain Names

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material in relation to our business:

No.	Domain Name	Registrant	Expiry Date
1. .	yusys.com.cn	Our Company	April 22, 2033
2. .	yusyds.com	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	November 20, 2027
3. .	yusysauto365.com	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	February 13, 2027

No.	Domain Name	Registrant	Expiry Date
4. .	loaneasy.com.cn	Hangzhou Yuxin Digital Technology Co., Ltd. (杭州宇信數字科技有限公司)	January 17, 2027
5. .	microdone.cn	Beijing Microdone Network Technology Co., Ltd. (北京微通新成網絡科技有限公司)	May 7, 2026
6. .	geemee.com	Beijing Microdone Network Technology Co., Ltd. (北京微通新成網絡科技有限公司)	October 9, 2025
7. .	geemall.com	Beijing Microdone Network Technology Co., Ltd. (北京微通新成網絡科技有限公司)	October 3, 2025
8. .	gwebs.com	Beijing Microdone Network Technology Co., Ltd. (北京微通新成網絡科技有限公司)	September 9, 2025

(d) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material in relation to our business:

No	Title of the Work	Copyright Holder	Registration Number	Registration Date
1. .	月來越好	Our Company	國作登字-2022-F-10230603	November 8, 2022
2. .	宇信學創社logo	Our Company	國作登字-2021-F-00168956	July 26, 2021
3. .	小蜜蜂	Our Company	國作登字-2019-F-00756471	March 26, 2019
4. .	宇信人	Our Company	國作登字-2018-F-00583149	July 19, 2018
5. .	宇信科技logo	Our Company	國作登字-2018-F-00451526	February 28, 2018
6. .	宇信公益	Our Company	國作登字-2017-F-00403856	November 9, 2017
7. .	小宇–生活照	Our Company	國作登字-2016-F-00328544	November 14, 2016
8. .	小宇–工作照	Our Company	國作登字-2016-F-00335281	November 14, 2016

(e) Software copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be material in relation to our business:

No	Software Name	Registrant	Registration Number	Registration Date
1 . .	Yusys Management Digital Platform (宇信科技管理數智化星雲平台)	Our Company	2025SR0950778	June 6, 2025
2 . .	Yusys Large Model Application Platform (宇信科技大模型應用平台)	Our Company	2025SR0940012	June 5, 2025
3. .	Unified dispatching platform (統一調度平台)	Our Company	2025SR0675150	April 24, 2025
4. .	Yusys Data Intelligence (Xingchen ChatBI) Platform (宇信科技數據智能 (星辰 ChatBI) 平台)	Our Company	2025SR0541054	March 28, 2025
5. .	Data Encryption System (數據加密系統)	Our Company	2025SR0166451	January 24, 2025
6. .	Data Masking System (數據脱敏系統)	Our Company	2025SR0166420	January 24, 2025
7. .	Database Audit System (數據庫審計系統)	Our Company	2025SR0168038	January 24, 2025
8. .	API Audit System (API 審計系統)	Our Company	2025SR0166464	January 24, 2025
9. .	Data Classification and Grading System (數據分類分級系統)	Our Company	2025SR0158635	January 23, 2025
10. .	Yusys Intelligent Outbound Call System (宇信科技智能外呼系統)	Our Company	2025SR0013552	January 3, 2025
11. .	Yusys Technology Voice Recognition Service Software (宇信科技語音識別服務軟件)	Our Company	2025SR0013934	January 3, 2025

No	Software Name	Registrant	Registration Number	Registration Date
12..	Yusys Digital Retail Customer Lifecycle Management Platform (宇信科技數智化零售客戶全生命周期經營管理平台)	Our Company	2024SR2214816	December 27, 2024
13..	Yusys Digital Corporate Customer Lifecycle Management Platform (宇信科技數智化對公客戶全生命周期經營管理平台)	Our Company	2024SR2215149	December 27, 2024
14..	Yusys Digital Journey Marketing Decision-Making Strategy Platform (宇信科技數智化旅程營銷決策策略平台)	Our Company	2024SR2213077	December 27, 2024
15..	Yusys Digital Customer Labeling and Profiling Platform (宇信科技數智化客戶標簽畫像平台)	Our Company	2024SR2213076	December 27, 2024
16..	Yusys Digital Comprehensive Points and Rights Operation Platform (宇信科技數智化綜合積分權益運營平台)	Our Company	2024SR2213188	December 27, 2024
17..	Yusys Digital Omni-Channel Activity Operation Platform (宇信科技數智化全渠道活動運營平台)	Our Company	2024SR2215408	December 27, 2024
18..	Yusys Digital Customer Lifecycle Management Platform (宇信科技數智化客戶全生命周期經營管理平台)	Our Company	2024SR2206468	December 26, 2024

No	Software Name	Registrant	Registration Number	Registration Date
19..	Yusys Second-Generation Central Bank Rating Submission System (宇信科技二代央行評級報送系統)	Our Company	2024SR2146524	December 20, 2024
20..	Yusys Unified Data Re-entry Platform System (宇信科技統一數據補錄平台系統)	Our Company	2024SR2135128	December 19, 2024
21..	Yusys Enterprise WeChat Session Archive Analysis Platform (宇信科技企業微信會話存檔分析平台)	Our Company	2024SR2080617	December 13, 2024
22..	Yusys Digital Analysis Intelligent Marketing and Business Development (Conversion) Platform (宇信科技數字化分析智能營銷展業 (轉化)平台)	Our Company	2024SR2079614	December 13, 2024
23..	Yusys Unified Portal System (宇信科技統一門戶系統)	Our Company	2024SR1961433	December 3, 2024
24..	Yusys Omni-Channel Collaborative Business Development and Remote Operation Service Platform (宇信科技全渠道協同展業及遠程經營服務平台)	Our Company	2024SR1834483	November 19, 2024
25..	Yusys Element Design Platform (宇信科技元素設計平台)	Our Company	2024SR1583143	October 22, 2024
26..	Yusys Outbound Call Sales and Service Platform (宇信科技外呼銷服平台)	Our Company	2024SR1495380	October 11, 2024

No	Software Name	Registrant	Registration Number	Registration Date
27..	Yusys One-Form Report Submission – End Management System (宇信科技一表通報送端管理系統)	Our Company	2024SR1157017	August 9, 2024
28..	Yusys Unified Regulatory Data Mart System (宇信科技統一監管數據集市系統)	Our Company	2024SR0940953	July 5, 2024
29..	Yusys Financial Audit Data Analysis Platform (宇信科技金融審計數據分析平台)	Our Company	2024SR0235269	February 6, 2024
30..	Yusys One-Form Trusted Zone Management System (宇信科技一表通可信區管理系統)	Our Company	2023SR1765836	December 26, 2023
31..	Yusys Green Finance Management System (宇信科技綠色金融管理系統)	Our Company	2023SR1750017	December 25, 2023
32..	Yusys Marketing Operation Platform (宇信科技營銷運營平台)	Our Company	2023SR1564846	December 5, 2023
33..	Yusys Customer Profiling and Insight Platform (宇信科技客戶畫像與洞察平台)	Our Company	2023SR1557926	December 4, 2023
34..	Yusys Points and Benefits Platform (宇信科技積分權益平台)	Our Company	2023SR1552292	December 1, 2023
35..	Yusys Interbank Customer Relationship Management System (宇信科技同業客戶關係管理系統)	Our Company	2023SR1511414	November 27, 2023

No	Software Name	Registrant	Registration Number	Registration Date
36..	Yusys Private Domain (Enterprise WeChat) Intelligent Marketing Operation SCRM Platform (宇信科技私域 (企微)智慧營銷運營SCRM平台)	Our Company	2023SR1516986	November 27, 2023
37..	Yusys Corporate Marketing Platform (宇信科技對公營銷平台)	Our Company	2023SR1516658	November 27, 2023
38..	Yusys Mobile Marketing Workbench System (宇信科技移動營銷工作台系統)	Our Company	2023SR1507534	November 24, 2023
39..	Yusys Corporate Customer Relationship Management System (宇信科技對公客戶關係管理系統)	Our Company	2023SR1507527	November 24, 2023
40..	Yusys Unified Indicator Management Platform (宇信科技統一指標管理平台)	Our Company	2023SR1424916	November 14, 2023
41..	Yusys Data Lake (Lakehouse Integration) Platform (宇信科技數據湖 (湖倉一體化)平台)	Our Company	2023SR1316138	October 27, 2023
42..	Yusys Data Security Operation Management Platform (宇信科技數據安全運營管理平台)	Our Company	2023SR1308371	October 26, 2023
43..	Yusys Multi-source Data Query Engine Platform (宇信科技多源數據查詢引擎平台)	Our Company	2023SR1308320	October 26, 2023
44..	Yusys Real-time Data Warehouse (Computing) Platform (宇信科技實時數據倉庫 (計算)平台)	Our Company	2023SR1308135	October 26, 2023

No	Software Name	Registrant	Registration Number	Registration Date
45..	Yusys Self-service (Query) Data Extraction Platform (宇信科技自助 (查詢)提數平台)	Our Company	2023SR1303199	October 25, 2023
46..	Yusys Non-performing Asset Management System (宇信科技不良資產管理系統)	Our Company	2023SR1136367	September 21, 2023
47..	Yusys Unified Payment Platform System (宇信科技統一支付平台系統)	Our Company	2023SR1104522	September 19, 2023
48..	Yusys Front-end Platform (宇信科技前端平台)	Our Company	2023SR0992552	August 31, 2023
49..	Yusys Mobile Finance Development Platform (宇信科技移動金融開發平台)	Our Company	2023SR0273848	February 23, 2023
50..	Yusys Personal Internet Banking System (宇信科技個人網上銀行系統)	Our Company	2023SR0262076	February 20, 2023
51..	Credit Card Collection Management Platform (信用卡催收管理平台)	Our Company	2023SR0128333	January 20, 2023
52..	Yusys Credit R&D Middleware Software (宇信科技信貸研發中台軟件)	Our Company	2023SR0079968	January 13, 2023
53..	Yusys Credit Business Middleware Platform (宇信科技信貸業務中台平台)	Our Company	2023SR0079967	January 13, 2023
54..	Yusys User Member Growth System Management System (宇信科技用戶會員成長體系管理系統)	Our Company	2023SR0072046	January 12, 2023

No	Software Name	Registrant	Registration Number	Registration Date
55..	Yusys Intelligent Comprehensive Post-loan Management System (宇信科技智能化綜合貸後管理系統)	Our Company	2023SR0072047	January 12, 2023
56..	Yusys Business Middleware System (宇信科技業務中台系統)	Our Company	2023SR0025508	January 5, 2023
57..	Yusys ServiceMesh Microservices Platform (宇信科技ServiceMesh微服務平台)	Our Company	2022SR1592120	December 20, 2022
58..	Yusys PBC Deposit Insurance Reporting System (宇信科技人行存款保險報送系統)	Our Company	2022SR1420393	October 26, 2022
59..	Yusys PBC Inter-bank Clearing Fund Monitoring Data Reporting System (宇信科技人行法人間參清算資金監控數據報送系統)	Our Company	2022SR1420387	October 26, 2022
60..	Yusys Intelligent Customer Profiling Platform (宇信科技智能客戶畫像平台)	Our Company	2022SR0861737	June 28, 2022
61..	Distributed Chaos Experiment Visualization Platform (分佈式混沌實驗可視化平台)	Our Company	2022SR0751812	June 14, 2022
62..	Yusys Test Data Platform (宇信測試數據平台)	Our Company	2022SR0514800	April 24, 2022
63..	Yusys Real-time Data Collection Platform (宇信科技實時數據採集平台)	Our Company	2022SR0422965	April 1, 2022

No	Software Name	Registrant	Registration Number	Registration Date
64..	Yusys Enterprise Data Service Portal Platform (宇信科技企業級數據服務門戶平台)	Our Company	2022SR0422964	April 1, 2022
65..	Yusys Data Community Operation Platform (宇信科技數據社區運營平台)	Our Company	2022SR0412008	March 30, 2022
66..	Yusys Enterprise Data Middleware Workstation Platform (宇信科技企業級數據中台工作站平台)	Our Company	2022SR0406324	March 29, 2022
67..	Yusys Management Cockpit Platform (宇信科技經營管理駕駛艙平台)	Our Company	2022SR0389395	March 24, 2022
68..	Yusys Application Monitoring System (宇信科技應用監控系統)	Our Company	2022SR0346815	March 15, 2022
69..	Yusys Log Monitoring System (宇信科技日誌監控系統)	Our Company	2022SR0346816	March 15, 2022
70..	Yusys Data Asset Management Platform (宇信科技數據資產管理平台)	Our Company	2021SR2019997	December 8, 2021
71..	YUSYS Internal Rating Based System (宇信科技信用風險內部評級系統)	Our Company	2021SR1128882	July 30, 2021
72..	YUSYS Pledge and Mortgage Management System (宇信科技押品管理系統)	Our Company	2021SR1099093	July 26, 2021
73..	Yusys Enterprise Microservices Customer Information Management System (宇信科技企業級微服務客戶信息管理系統)	Our Company	2021SR1036132	July 14, 2021

No	Software Name	Registrant	Registration Number	Registration Date
74..	YUSYS MICROSERVICE FRAMEWORK UNIFIED DEVELOPMENT PLATFORM (宇信科技基於微服務框架統一開發平台)	Our Company	2021SR0655850	May 10, 2021
75..	YUSYS ENTERPRISE OPERATIONS MANAGEMENT PLATFORM (宇信企業級運維管控平台)	Our Company	2021SR0654780	May 10, 2021
76..	Yusys Data Model Studio (宇信數據模型開發平台 (Yusys. Data Model Studio))	Our Company	2021SR0461792	March 29, 2021
77..	Yusys Unified Service Platform (宇信科技統一服務平台)	Our Company	2021SR0420175	March 19, 2021
78..	Yusys Distributed Enterprise Service Bus System (宇信科技分布式企業服務總線系統)	Our Company	2021SR0420176	March 19, 2021
79..	Intelligent Due Diligence System (智能化盡職調查系統)	Our Company	2021SR0352916	March 8, 2021
80..	PBOC Payment Compliance Submission System (人行支付合規報送系統)	Our Company	2021SR0324334	March 2, 2021
81..	YUSYS CUSTOMER RELATIONSHIP MANAGEMENT (宇信科技客戶關係管理系統)	Our Company	2021SR0144246	January 26, 2021
82..	Yusys Decision Engine Shuffle Software (宇信科技決策引擎 Shuffle 軟件)	Our Company	2020SR1547449	November 5, 2020

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual or industrial property rights which we consider to be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and Chief Executive

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the interests and/or short positions of our Directors and chief executive 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 have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are [**REDACTED**], are set out below:

(i) Interests in our Company

Name of Director or chief executive	Nature of Interest	Description of Shares	Number of Shares or underlying Shares Held	Shareholding in the relevant class of Shares upon completion of the [REDACTED](1)	Shareholding in the total issued share capital upon completion of the [REDACTED](1)
				(%)	*(%)*
Mr. Hong Weidong (洪衛東)(2)	Interest in controlled corporation	A Shares	173,696,041	[REDACTED]%	[REDACTED]%
Ms. Wu Hong (吳紅)(3)	Interest of spouse	A Shares	173,696,041	[REDACTED]%	[REDACTED]%
Mr. Dai Steve Shipin (戴士平)	Beneficial owner	A Shares	288,800	[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). The total issued share capital of our Company includes the 13,818,156 A Shares held by our Company as treasury shares.

(2) As of the Latest Practicable Date, Yuqin Hongtai was held as to 99.99% by Mr. Hong Weidong (洪衛東). By virtue of the SFO, Mr. Hong Weidong is deemed to be interested in the Shares held by Yuqin Hongtai. For details of interests of Yuqin Hongtai in our Company, see "Substantial Shareholders" in this document.

(3) Mr. Hong Weidong (洪衛東) and Ms. Wu Hong (吳紅) are spouses. By virtue of the SFO, Ms. Wu Hong is deemed to be interested in the Shares held by Mr. Hong Weidong.

(ii) Interests in our associated corporations

So far as our Directors are aware, immediately following the completion of the [**REDACTED**], no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

(b) Interests of our Substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this document, our Directors are not aware of any person (other than a Director or chief executive of our Company) who will have an interest or a short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

2. Directors' Service Contracts and Letters of Appointment

We [have entered into] a service contract or appointment letter with each of our Directors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

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

For details of the remuneration of Directors, see "Directors and Senior Management — Remuneration of Directors and Senior Management" and Note 8 in "Appendix I — Accountants' Report."

D. SHARE SCHEMES

(i) Employee Stock Ownership Schemes

Our Company adopted the 2023 Employee Stock Ownership Scheme and the 2025 Employee Stock Ownership Scheme (collectively, the "**Employee Stock Ownership Schemes**") in March 2023 and April 2025, respectively, which were subsisting as of the Latest Practicable Date. The terms of the Employee Stock Ownership Schemes are not subject to the provisions of Chapter 17 of the Listing Rules regarding share schemes involving issue of new shares. Save as otherwise disclosed, the terms of each of the Employee Stock Ownership Schemes are substantially similar and are summarized below.

(a) Participants of the scheme

Under the 2023 Employee Stock Ownership Scheme, the participants include the actual controllers, directors (excluding independent directors), supervisors, senior management and other personnel that the Board deems necessary to grant incentives. Under the 2025 Employee Stock Ownership Scheme, the participants include some directors, the senior management and other personnel that the Board deems necessary to grant incentives.

(b) Source of shares and participants' interest in the scheme

Our Company will repurchase A Shares from the open market, and transfer a prescribed number of such A Shares to the relevant employee stock ownership schemes at a certain purchase price, as set out under each scheme. The purchase of A Shares to be held for each scheme shall be funded by the legal income of the employees, self-raised funds or other sources permitted by laws and regulations. Each participant of the Employee Stock Ownership Schemes holds a certain percentage of interest in the relevant Employee Stock Ownership Scheme.

(c) Term of the scheme

Each Employee Stock Ownership Scheme is valid for a period of 36 months, commencing from the date of approval by the Shareholders and upon publication of an announcement by our Company regarding the transfer of relevant A Shares from our Company stock repurchase account to the relevant employee stock ownership scheme (the "**Announcement Date**").

(d) Administration of the scheme

The Employee Stock Ownership Schemes are subject to the approval of the Shareholders. Each scheme is administered by a committee (the "**Scheme Management Committee**") or by an authorized asset management institution with asset management qualifications, the members of which are elected by the participants of that scheme. The Scheme Management Committees oversee the day-to-day management of the Employee Stock Ownership Schemes, and exercise shareholders' rights in respect of the A Shares held under each scheme on behalf of its participants or the authorized asset management institution.

(e) Vesting of the shares

Each participant's entitlement to the corresponding portion of A Shares held by the Employee Stock Ownership Schemes, shall be vested in two tranches in the proportion of 50% and 50%, upon expiry of a period of 12 months and 24 months from the Announcement Date, respectively. The vesting of A Shares shall be subject to attainment of corporate performance targets and personal evaluation for each participant. The vested A Shares shall either be sold by the Scheme Management Committee, with the proceeds to be distributed to the participants proportionately, or transferred to the relevant participant.

(f) Total number of shares held by the scheme

As of the Latest Practicable Date, the total number of A Shares held by the Employee Stock Ownership Schemes was 9,251,000, representing approximately [**REDACTED**]% of the issued Shares immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

The table below sets forth the details of the A Shares held by the Employee Stock Ownership Schemes:

Employee Stock Ownership Scheme	Initial number of grantees under the schemes	A Shares held by the scheme as of the Latest Practicable Date	Approximate percentage of issued Shares as of the Latest Practicable Date	Approximate percentage of issued Shares immediately after completion of the [REDACTED](1)
2023 Employee Stock Ownership Scheme	68	251,000	0.04%	[**REDACTED**]%
2025 Employee Stock Ownership Scheme(2) . .	364	9,000,000	1.28%	[**REDACTED**]%

Note:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised.

(2) On May 28, 2025, the 2025 Employee Stock Ownership Scheme was approved by the Shareholders' meeting of our Company. As of the Latest Practicable Date, the A Shares under the 2025 Employee Stock Ownership Scheme had not been transferred from the Company stock repurchase account to the employee stock account yet.

As of the Latest Practicable Date, the A Shares under the 2025 Employee Stock Ownership Scheme were yet to be transferred from the Company stock repurchase account to the employee stock account, and the aggregate number of outstanding A Shares granted under the 2023 Employee Stock Ownership Scheme to our Directors and senior management amounted to 72,500 A Shares in total, representing approximately 0.01% equity interests in our Company. Apart from Ms. Wu Hong (吳紅) (being an executive Director) and Ms. Zhou Fan (周帆) (being a senior management member of our Company), none of the other Directors or senior management of the Company holds any outstanding A Shares under the 2023 Employee Stock Ownership Scheme as of the Latest Practicable Date.

(ii) Restricted Share Incentive Schemes

The following is a summary of the principal terms of our Restricted Share Incentive Schemes comprising the 2020 Restricted Share Incentive Scheme and the 2023 Restricted Share Incentive Scheme. The terms of Restricted Share Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of restricted Shares by our Company after our [**REDACTED**]. Save as otherwise disclosed, the terms of each of the Restricted Share Incentive Schemes are substantially similar and are summarized below.

(a) Purpose

The purpose of the Restricted Share Incentive Schemes is to improve our Group's incentive mechanism and to attract and retain talents to achieve a sustained and healthy development of our Group in order to realize our Group's long-term objectives. The Restricted Share Incentive Schemes are implemented to align the interests of our Shareholders with the interests of our Group and employees.

(b) Administration

The Restricted Share Incentive Schemes are subject to the approval of the Shareholders' meeting, the administration of our Board and the supervision of the board of supervisors and independent Directors of our Company.

(c) Participants

The participants of our Restricted Share Incentive Schemes include our Directors, senior management, core management personnel, and key technical and business staff who have significant contributions to the business development of our Group. The scope of participants of our Restricted Share Incentive Schemes excludes our independent Directors, supervisors and shareholders or actual controllers who individually or collectively hold 5% or more of the Shares of our Company and their spouse, parents and children.

(d) Source and Maximum Number of Shares

For our 2020 Restricted Share Incentive Scheme, the underlying A Shares are the A Shares issued by our Company, all of which had been fully issued by July 2021. For our 2023 Restricted Share Incentive Scheme, the A Shares underlying shall be A Shares purchased by our Company from the secondary market. Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price. The restricted Shares are subject to a lock-up period/vesting period and will only be unlocked/vested upon fulfilling the conditions stipulated under the schemes. The maximum number of restricted Shares that can be granted under each of the Restricted Shares Incentive Schemes is as follows:

Restricted Share Incentive Scheme	Maximum number of restricted Shares to be granted under the Plan
2020 Restricted Share Incentive Scheme	14,000,000(1)
2023 Restricted Share Incentive Scheme	7,413,212(2)

Notes:

(1) 14,000,000 restricted Shares under the 2020 Restricted Share Incentive Scheme include 1,903,300 retained restricted Shares, the grantees of which shall be determined within 12 months after the approval of the 2020 Restricted Share Incentive Scheme by the Shareholders' meeting (the "**2020 Retained Restricted Shares**").

(2) there is no retained restricted Shares under the 2023 Restricted Share Incentive Scheme.

(e) Date of Grant and Term of the Restricted Share Incentive Schemes

The date on which the restricted Shares are granted shall be determined by the Board after the approval of the Restricted Share Incentive Schemes by the Shareholders' meeting. Under our Restricted Share Incentive Schemes, the grant of restricted Shares shall be announced within 60 days after the approval of such Plan by the Shareholders' meeting. The 2020 Restricted Share Incentive Scheme shall be effective from the date of completion of the grant of restricted Shares under the plan up to the date when all of the restricted Shares granted under the plan are no longer under any lock-ups or have been repurchased and canceled, provided that the term of the 2020 Restricted Share Incentive Scheme shall not exceed 60 months. The 2023 Restricted Share Incentive Scheme shall be effective from the date of completion of the grant of restricted Shares under the plan up to the date when all of the restricted Shares granted under the plan have been vested, canceled or invalid, provided that the term of the 2023 Restricted Share Incentive Scheme shall not exceed 36 months.

(f) Lock-up for Directors and Senior Management

If the grantee is a Director or a member of senior management of our Company,

(i) during their employment with our Company, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds;

(ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company;

(iii) income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board; and

(iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

(g) Conditions to the Grant of Restricted Shares

The restricted Shares under the Restricted Share Incentive Schemes will only be granted to selected participants if the following conditions are fulfilled:

(i) with respect to our Company, none of the following circumstances having occurred:

(1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;

(2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;

(4) applicable laws and regulations prohibit the implementation of any share incentive scheme; or

(5) any other circumstances determined by the CSRC.

(ii) with respect to a grantee, none of the following circumstances having occurred:

(1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;

(2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;

(3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;

(4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) the grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or

(6) any other circumstances determined by the CSRC.

(h) Unlock/Vesting of Restricted Shares

The lock-up/vesting period for restricted Shares commences from date of grant of restricted Shares to the grantee and the interval between the date of completion of the grant and the date of unlock/vesting of the restricted Shares shall be 12 months. During the lock-up/vesting period, the restricted Shares granted to the grantee shall not be transferred, used as guarantee or for repayment of debt. In addition, the restricted Shares will only be unlocked/vested when (i) the conditions set out under paragraph (g) above are fulfilled; and (ii) the annual assessment, performance targets and tenure requirements (where applicable) as set out under the respective Restricted Share Incentive Scheme are achieved.

The restricted Shares (other than the 2020 Retained Restricted Shares) will be unlocked/vested after the lock-up/vesting period in accordance with the unlock/vesting schedule as set out under the Plans as follows:

(i) under the 2020 Restricted Share Incentive Scheme, unlocked in tranches of 40%, 30% and 30% in each of the three unlock periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months of the date of grant, respectively; and

(ii) under the 2023 Restricted Share Incentive Scheme, vested in tranches of 50% and 50% in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively.

The 2020 Retained Restricted Shares will be unlocked in accordance with the unlock schedule as set out under the 2020 Restricted Share Incentive Scheme as follows:

(i) if the 2020 Retained Restricted Shares are granted in 2020, the 2020 Retained Restricted Shares shall be unlocked in tranches of 40%, 30% and 30% in each of the three unlock periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months of the date of grant, respectively; and

(ii) if the 2020 Retained Restricted Shares are granted in 2021, the 2020 Retained Restricted Shares shall be unlocked in tranches of 50% and 50% in each of the two unlock periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively.

The grantees shall pay the grant price upon fulfillment of all the conditions of the restricted Shares to receive the A Shares. The number of restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including capitalization of capital reserves, issue of bonus shares, share splits and consolidations and rights issues. Our Company may repurchase the restricted Shares or cancel the granted but unlocked/unvested restricted Shares upon occurrence of certain events as set out in the Restricted Share Incentive Schemes, including but not limited to the termination of employment of the grantees with our Company.

(i) Outstanding restricted Shares

As of the Latest Practicable Date, all of the outstanding restricted Shares under the 2020 Restricted Share Incentive Scheme had been unlocked or were repurchased and canceled by our Company due to non-fulfilment of certain conditions under the 2020 Restricted Share Incentive Scheme, and the number of outstanding restricted Shares granted under the 2023 Restricted Share Incentive Scheme was 245,000, representing approximately [**REDACTED**]% of the issued Shares immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

The following table sets forth the number of outstanding restricted Shares granted to the Directors and senior management of our Company under the 2023 Restricted Share Incentive Scheme as of the Latest Practicable Date. Except for the outstanding restricted Shares granted to the below Directors and senior management of our Company, no outstanding restricted Shares were granted to other grantees under the 2023 Restricted Share Incentive Scheme as of the Latest Practicable Date.

Name of the grantee	Position	Restricted Share Incentive Scheme	Date of grant	Number of outstanding restricted Shares	Grant price	Vesting period	Approximate percentage of issued Shares immediately after the completion of the [REDACTED](1)
Mr. Dai Steve Shiping (戴士平)	Executive Director, deputy general manager	2023 Restricted Share Incentive Scheme	April 27, 2023	105,000	RMB9.71(3)	Note (2)	[REDACTED]%
Mr. Jin Jiabin (井家斌)	Deputy general manager	2023 Restricted Share Incentive Scheme	April 27, 2023	140,000	RMB9.71(3)	Note (2)	[REDACTED]%

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised.

(2) 50% and 50% restricted Shares are vested in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively, under the 2023 Restricted Share Incentive Scheme.

(3) The grant price under the 2023 Restricted Share Incentive Scheme takes into account the adjustment due to our dividends distributions.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Each of the Joint Sponsors will receive a fee of USD300,000 for acting as a sponsor of our Company in connection with the [**REDACTED**] on the Hong Kong Stock Exchange.

4. Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained, or referred to, in this document are as follows:

Name of Expert	Qualifications
Huatai Financial Holdings (Hong Kong) Limited*	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO
BNP Paribas Securities (Asia) Limited*	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
BDO Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
Jingtian & Gongcheng	Legal advisor to our Company as to PRC laws
China Insights Industry Consultancy Limited	Industry consultant

(in no particular order)*

Each of the experts named above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear.

5. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Compliance Adviser

The Company has appointed Somerley Capital Limited as its compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

8. Preliminary Expenses

The Company did not incur material preliminary expenses for the purpose of the Listing Rules.

9. No Material Adverse Change

Save as disclosed in this document, Our Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2024, being the end of the period reported on in the Accountants' Report in Appendix I to this document.

10. Promoters

The promoters of our Company are all of the 20 then shareholders of our Company immediately before our conversion into a joint stock company with limited liability. 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, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [**REDACTED**].

11. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

12. Miscellaneous

Save as disclosed in this document,

(a) within the two years preceding the date of this document, (i) no share or loan capital of our Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(b) no share or loan capital of our Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;

(c) there are no founder, management or deferred shares in our Company or any of its subsidiaries;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this document; and

(g) save for A Shares that are listed on the Shenzhen Stock Exchange and H Shares to be [**REDACTED**] in connection with the [**REDACTED**], none of the equity securities of our Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the material contracts referred to in "Appendix VI — Statutory and General Information"; and

(b) the written consents referred to in "Appendix VI — Statutory and General Information."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.yusys.com.cn** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report and the report on the unaudited [**REDACTED**] financial information prepared by BDO Limited, the texts of which are set out in "Appendix I — Accountants' Report" and "Appendix II — Unaudited [**REDACTED**] Financial Information," respectively;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;

(d) the legal opinion issued by Jingtian & Gongcheng, our PRC Legal Advisors, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(e) the industry report prepared by China Insights Industry Consultancy Limited, our industry consultant;

(f) the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures together with their unofficial English translations;

(g) the service contracts between each of the Directors and our Company referred to in "Appendix VI — Statutory and General Information";

(h) the material contracts referred to in "Appendix VI — Statutory and General Information"; and

(i) the written consents referred to in "Appendix VI — Statutory and General Information."