索信达控股有限公司
SUOXINDA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code：3680

SHARE OFFER

Sole Sponsor

安信國際
ESSENCE INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

中國通海證券
CHINA TONGHAI SECURITIES

偉祿亞太證券有限公司
Realord Asia Pacific Securities Limited

Joint Lead Managers

Bison

國華際遠

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

Suoxinda Holdings Limited

索信达控股有限公司

(Incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Total number of Offer Shares under the Share Offer	**:**	**100,000,000 Shares**
Number of Public Offer Shares	**:**	**10,000,000 Shares (subject to adjustment)**
Number of Placing Shares	**:**	**90,000,000 Shares (subject to adjustment)**
Offer Price	**:**	**not more than HK$1.80 per Offer Share and expected to be not less than HK$1.50 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**3680**

Sole Sponsor

安信國際 ESSENCE INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

中國通海證券 CHINA TONGHAI SECURITIES

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

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

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about Wednesday, 4 December 2019 and, in any event, unless otherwise announced, not later than Wednesday, 11 December 2019. The Offer Price will be no more than HK$1.80 and is currently expected to be no less than HK$1.50 unless otherwise announced. Investors applying for the Public Offer Shares must pay, on application, the maximum Offer Price of HK$1.80 for each Offer Share together with a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$1.80.

The Joint Bookrunners (on behalf of the Underwriters) may, where considered appropriate, reduce the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range below that which is stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.datamargin.com not later than the morning of the day which is the last day for lodging applications under the Public Offer. For further information, see the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for the Public Offer Shares".

If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us on or before Wednesday, 11 December 2019, the Share Offer will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the related Application Forms, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares are subject to termination by the Joint Bookrunners (on behalf of the Public Offer Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange. Further disclosure are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — Public Offer — Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

28 November 2019

Latest time to complete electronic applications under **HK eIPO White Form** service through one of the below ways [(2)]:	
(1) the designated website at **www.hkeipo.hk**	
(2) the IPO App, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**	11:30 a.m. on Tuesday, 3 December 2019
Application lists open[(3)]	11:45 a.m. on Tuesday, 3 December 2019
Latest time to lodge **WHITE** and **YELLOW** Application Forms and **electronic application instructions** to HKSCC[(4)]	12:00 noon on Tuesday, 3 December 2019
Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)[(2)]	12:00 noon on Tuesday, 3 December 2019
Application lists close	12:00 noon on Tuesday, 3 December 2019
Expected Price Determination Date[(5)]	Wednesday, 4 December 2019

Announcement of

- the final Offer Price;
- the level of applications in the Public Offer;
- the level of indications of interest in the Placing; and
- the basis of allotment of the Public Offer Shares, to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.datamargin.com** on or before .... Thursday, 12 December 2019

Results of allocations of the Public Offer (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Public Offer Shares — 11. Publication of Results" from . . . . Thursday, 12 December 2019

Results of allocations in the Public Offer will be available at **www.tricor.com.hk/ipo/result** and **www.hkeipo.hk/IPOResult** or the "Allotment Result" in the IPO App with a "search by ID" function . . . . Thursday, 12 December 2019

Dispatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications (in the event that the final Offer Price is less than the price payable on application) or wholly or partially unsuccessful applications pursuant to the Public Offer on or before[6][7] . . . . Thursday, 12 December 2019

Dispatch/collection of Share certificates or deposited into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before[6] . . . . Thursday, 12 December 2019

Dealings in Shares on the Stock Exchange expected to commence at . . . . 9:00 a.m. on Friday, 13 December 2019

Notes:

(1) All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

(2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** or the IPO App after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website or the IPO App prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above or Extreme Conditions in force at any time between 9:00 a.m. and 12:00 noon on Tuesday, 3 December 2019, the application lists will not open on that day. Further information is set out in the section headed "How to Apply for the Public Offer Shares — 10. Effect of Bad Weather or Extreme Conditions on the Opening of the Application Lists" in this prospectus.

(4) If you apply by giving **electronic application instructions** to HKSCC, you should refer to the section headed "How to Apply for the Public Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) We expect to determine the Offer Price by agreement with the Joint Bookrunners (on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, 4 December 2019 and, in any event, not later than Wednesday, 11 December 2019. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (on behalf of the Underwriters) and us by Wednesday, 11 December 2019, the Share Offer will not proceed and will lapse.

(6) We will issue refund cheque/e-Auto Refund payment instructions to you if your application is wholly or partially unsuccessful or if the final Offer Price is less than the maximum Offer Price payable on application. We will dispatch Share certificate(s) and refund cheque(s) by ordinary post to you at your own risk to the address you specified in your Application Form. If you have applied for 1,000,000 Public Offer Shares or more and have provided all information required in your Application Form, you may collect refund cheque(s) and/or Share certificate(s) from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 12 December 2019 or any other place and date we announce as the place and date of dispatch of Share certificates/e-Auto Refund payment instructions/refund cheques. If you are an individual applicant, you may not authorise any other person to collect on your behalf. If you are a corporate applicant, you must attend by your authorised representative with your letter of authorisation stamped with your corporate chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you fail to collect within the time specified for collection, we will dispatch uncollected Share certificates and refund cheques by ordinary post at your own risk to the address specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

(7) Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

Applicants who apply through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Services Provider, in the form of refund cheques, by ordinary post at their own risk.

Share certificates are expected to be issued on Thursday, 12 December 2019 but will only become valid certificates of title if the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements is terminated in accordance with its terms before 8:00 a.m. on the Listing Date, which is expected to be Friday, 13 December 2019.

For details of the structure and conditions of the Share Offer, please refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, partners, agents or representatives, or any other party involved in the Share Offer.

TABLE OF CONTENTS

This summary aims to give you an overview of the information contained in this prospectus and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this prospectus. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire prospectus carefully before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a market player in the big data and AI industry in the PRC providing data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services, to corporate customers.

Based in Shenzhen, we develop and deliver sophisticated data solutions with a strategic focus on leading banks and financial institutions in the PRC. We were ranked the fifth largest data solution provider based in Southern China in terms of revenue from financial industry in 2018[(1)], with our services covering 55.6% of the state-owned banks and joint stock commercial banks in the PRC and our financial customers including eight of the fifteen largest banks in the PRC in terms of revenue in 2018, according to the F&S Report. We were also ranked the ninth largest Southern China-based data solution provider in terms of revenue[(2)], and we had a market share of 0.06% in the PRC data solution industry in terms of revenue derived from provision of data solutions in 2018, according to the F&S Report.

In our early history, we had been engaged principally in the provision of IT maintenance and support services as well as sales of hardware and software and related services, serving large scale corporations in various industries, including telecommunication network operators, information technology providers, securities firms and medical equipment manufacturers. Since 2013 an increasing number of applications that integrated big data technology with businesses in customer downstream industries have been successfully developed and completed in the market, according to the F&S Report. Seeing the rising market demands for and strong market potential in this field, we commenced to provide big data solutions to our customers in 2013. In that year, we acquired the relevant expertise through hiring one senior data analyst and four senior engineers, most of whom had obtained degrees in computer science and software engineering, to strengthen our solution delivery capabilities. In particular, the senior data analyst had experience in enterprise data infrastructure environment optimisation. This, coupled with our accumulated expertise in sales of data warehouse, maintenance and support of enterprise data infrastructure, and corporate customer servicing, as well as good business relationships with enterprises, has enabled us to be awarded and to deliver, as a subcontractor, our first data infrastructure solutions project — setting up data warehouses for a bank. We achieved important revenue growth for our data solution business from RMB26.4 million in 2013 to RMB65.8 million in 2015.

Further, AI technological advancements significantly enhance the capabilities of solution providers and meet particular requirements in customer downstream industries by utilising the vast amount of data available, according to the F&S Report. Leveraging the experience we accumulated from the provision of data infrastructure solutions, we utilised AI technologies to extend the data analytics capability of our solutions in 2015. In that year, in order to elevate the analytical power of our data solutions, we hired five senior data analysts and three senior engineers, most of whom had extensive experience in delivering analytics solutions with AI capability to leading banks and enterprises. We further delivered our first analytics solution with AI technologies through winning a tender from a bank in 2015. During the Track Record Period, the growth of our revenue from

Notes:

(1) Frost & Sullivan, our industry consultant, provides this ranking in terms of revenue derived from provision of big data and AI solutions to end users of solutions who are in the financial industry in 2018. For further disclosure about our rankings, please refer to the section headed "Industry Overview — Research Background and Methodologies" in this prospectus.

(2) Frost & Sullivan provides this ranking in terms of revenue derived from provision of big data and AI solutions in 2018.

analytics solutions was primarily attributable to (i) our strategic focus on the financial industry in order to strengthen our competitive advantages; and (ii) our proven track record in consistently delivering customised data solutions, which helped us establish long-term strategic relationship with our existing customers. In particular, our revenue of analytics solutions significantly increased from RMB29.7 million for FY2017 to RMB80.4 million for FY2018, and further from RMB8.8 million for FP2018 to RMB28.7 million for FP2019, mainly attributable to the increase in our revenue generated from banks and financial institutions as (i) our services and abilities were well recognised by our customers and we further expanded our analytics solution offerings to the existing customers in FY2018 and FP2019; and (ii) we have successfully expanded into Beijing market in FY2017 and recorded revenue growth from the end users of our data solutions in Beijing.

During the Track Record Period, our analytic solutions were developed mainly through outsourcing our development and purchasing readily available third-party software. Going forward, we will focus more on research and development for advanced AI technologies through upgrading our financial AI laboratory and recruitment of research and development staff. Please refer to the sections headed "Business — Research and Development — Product Development" for further disclosure regarding our product development during the Track Record Period and "Business — Our Business Strategies — Enhancing our Research and Development Capabilities and Infrastructure" for further disclosure regarding our plan to strengthen our research and development capabilities and infrastructure.

We categorise our major revenue streams into (i) data solutions, (ii) sales of hardware and software and related services as an integrated service, and (iii) IT maintenance and support services. Our three revenue streams form an integrated business model which generate stable income with a fair profit margin and create cross-selling opportunities for sustainable growth.

- *Data solutions*. Our data solutions consist of data infrastructure solutions and analytics solutions. Under our data infrastructure solutions, we optimise data infrastructure environments of our customers by designing and constructing integrated and customised data storage, cleaning and processing systems, which are suitable for subsequent usage and analysis meeting their individualised demands. Built upon our customised data infrastructure environments within customers' systems, we develop and deliver tailored analytics solutions to our customers to achieve their business objectives, such as improving the efficiency of their marketing activities, enhancing risk control measures and optimising supply chain management.
- *Sales of hardware and software and related services as an integrated service*. Leveraging our comprehensive understanding of customers' needs and close relationship with quality suppliers, we identify, source and sell standardised hardware and software products to cater to our customers' needs. In addition, we sell our self-developed software products, such as Suoxinda Intelligent Marketing Platform* (索信達智慧營銷平台) to our customers. We also provide basic installation, maintenance and support services alongside such sales.
- *IT maintenance and support services*. We help our customers build and optimise their IT systems based on their needs and requirements. We provide system installation, support, maintenance and upgrading services to our customers.

Leveraging our competitive advantages and taking advantage of the significant momentum of industry growth, we have strategically focused on the PRC financial industry. Revenue derived from end users of our data solutions who were in the financial industry increased at a CAGR of 30.7% from FY2016 to FY2018, and further increased by 267.7% from RMB8.5 million for FP2018 to RMB31.2 million for FP2019. Further, we have successfully expanded our service coverage to customers in Beijing, where several of the PRC's major financial centres are located and some of our major financial customers are headquartered. The revenue generated from the end users of our solutions and services that were located in Beijing increased from RMB7.8 million for FY2016 to RMB12.0 million for FY2017, and further to RMB50.5 million for FY2018. It increased from RMB7.7 million for FP2018 to RMB11.4 million for FP2019.

We have attracted high quality, diversified customers which consist of leading global corporations as well as Chinese blue-chip banks and financial institutions. We proactively track and analyse leading enterprises in our target industries with regard to their relevant requirements and offer tailored solutions and service proposal to attract selected enterprises for new engagements.

We have also established long-term relationships with multinational conglomerates in other industries. These customers include (i) SAS Beijing, (ii) a subsidiary belongs to a supermarket chain group that consistently ranked first of the world's top 500 enterprises from 2014 to 2019[(1)], and (iii) one of the top ten telecommunications equipment vendors in the world, according to the F&S Report. As a result of our proven track record in consistently delivering tailored data solutions meeting our customers' particular demands and application scenarios, we have established long-term strategic relationships with them. Approximately 59.4%, 68.5%, 58.9% and 86.3% of our customers for FY2016, FY2017, FY2018 and FP2019 are repeat customers (being customers or their affiliates, who have contributed to our revenue previously) and the revenue derived from our repeat customers represents 69.3%, 82.8%, 62.5% and 69.2% of our total revenue for the relevant periods, respectively. Please refer to the section headed "Business — Competitive Strengths" in this prospectus for further disclosure.

OUR CUSTOMERS AND SUPPLIERS

In FY2016, FY2017, FY2018 and FP2019, we served 101, 108, 112 and 80 customers, respectively. During the Track Record Period, our customers primarily comprise banks, financial institutions as well as enterprises in various industrial sectors. During the Track Record Period, majority of our contracts were directly entered with the end users of our services and products. Whilst for the remaining contracts, (i) we were engaged by intermediaries, such as other IT services providers or software and hardware vendors, as their subcontractors to provide our services to the end users; or (ii) the intermediaries purchased our hardware and software products and resell to the end users.

The following table sets out the breakdown of our revenue generated from our solutions and services provided to end users and intermediaries during the Track Record Period:

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000* (unaudited)	*% of revenue*	*RMB'000*	*% of revenue*
End users	143,141	84.0	126,541	90.8	149,007	80.4	35,789	86.8	61,697	91.0
Intermediaries	27,263	16.0	12,845	9.2	36,542	19.6	5,465	13.2	6,093	9.0
Total revenue	170,404	100.0	139,386	100.0	185,549	100.0	41,254	100.0	67,790	100.0

Our revenue generated from our intermediaries decreased by RMB14.4 million, or by 52.9%, from RMB27.3 for FY2016 to RMB12.8 million for FY2017, primarily attributed to a decrease in revenue generated from provision of data solutions as a subcontractor in FY2017 as compared to FY2016. Our revenue generated from intermediaries increased by RMB23.7 million, or by 183.8%, from RMB12.8 million for FY2017 to RMB36.5 million for FY2018, primarily attributed to the revenue generated from provision of data solutions as a subcontractor to a customer which contributed RMB18.5 million to our revenue for FY2018 and no project rendered to any intermediary with similar or larger size in FY2017. Our revenue generated from intermediaries remained relatively stable at RMB5.5 million for FP2018 and RMB6.1 million for FP2019.

Set out below is a breakdown of our revenue by the industry sector of end users of our solutions and services during the Track Record Period:

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000* (unaudited)	*% of Revenue*	*RMB'000*	*% of Revenue*
Data solution	51,465	30.2	39,569	28.4	86,696	46.7	11,287	27.3	41,850	61.8
— Financial	*31,785*	*18.7*	*23,833*	*17.1*	*54,292*	*29.3*	*8,476*	*20.5*	*31,165*	*46.0*
— Non-financial[(2)]	*19,680*	*11.5*	*15,736*	*11.3*	*32,404*	*17.5*	*2,811*	*6.8*	*10,685*	*15.8*
Sales of hardware and software and related services as an integrated service	86,970	51.0	70,877	50.8	60,851	32.8	14,551	35.3	12,908	19.0
— Financial	*61,792*	*36.3*	*47,286*	*33.9*	*27,261*	*14.7*	*7,498*	*18.2*	*6,391*	*9.4*
— Non-financial[(2)]	*25,178*	*14.8*	*23,591*	*16.9*	*33,590*	*18.1*	*7,053*	*17.1*	*6,517*	*9.6*
IT maintenance and support services	31,969	18.8	28,940	20.8	38,002	20.5	15,416	37.4	13,032	19.2
— Financial	*7,420*	*4.4*	*7,556*	*5.4*	*9,058*	*4.9*	*2,829*	*6.9*	*5,094*	*7.5*
— Non-financial[(2)]	*24,549*	*14.4*	*21,384*	*15.3*	*28,944*	*15.6*	*12,587*	*30.5*	*7,938*	*11.7*
Total revenue	170,404	100.0	139,386	100.0	185,549	100.0	41,254	100.0	67,790	100.0

Note:

(1) Such ranking is based on the Fortune Global 500 annual ranking complied and published by Fortune magazine.

(2) Non-financial sector includes mainly IT and telecommunications industry and manufacturing industry.

For our data solutions business, we have strategically focused on the PRC financial industry. During the Track Record Period, over 50% of our revenue generated from our data solutions with end users in the financial sector. A considerable portion of our revenue for sales of hardware and software and related services as an integrated services was contributed from end users in the financial sector. As our IT maintenance and support services served corporations in various industries, thus the majority of our revenue for IT maintenance and support services was generated from end users in the non-financial sectors.

The following table sets forth a breakdown of our revenue by geographic location for end users of our solutions and services during the Track Record Period:

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000* (unaudited)	*% of revenue*	*RMB'000*	*% of revenue*
Guangdong	141,795	83.2	123,419	88.5	110,433	59.5	27,042	65.6	39,249	57.9
Beijing	7,835	4.6	11,982	8.6	50,471	27.2	7,726	18.7	11,412	16.8
Hong Kong	6,208	3.6	1,258	0.9	6,256	3.4	4,090	9.9	5,554	8.2
Shanghai	4,896	2.9	1,305	0.9	296	0.2	184	0.5	5,990	8.9
Others[(1)]	9,670	5.7	1,422	1.1	18,093	9.7	2,212	5.3	5,585	8.2
Total revenue	170,404	100.0	139,386	100.0	185,549	100.0	41,254	100.0	67,790	100.0

Note:

(1) Others include mainly Jiangsu, Shandong and Hainan.

During the Track Record Period, our business operations were mainly located in Shenzhen, Guangdong Province and Beijing and, we mainly established business relationships with customers located in proximity to our operations, such as local branches or head offices of national banks or financial institutions that were located in Guangdong Province and Beijing. Therefore, our revenue was mainly contributed by end users of our services in Guangdong Province and Beijing during the Track Record Period. In particular, the majority of our revenue was generated from Guangdong Province. Moreover, the proportion of our revenue generated from Beijing has been increased progressively from 4.6% for FY2016 to 27.2% for FY2018. The revenue generated from Shanghai increased significantly from RMB0.2 million for FP2018 to RMB6.0 million for FP2019, which was mainly due to the revenue generated from our solution and services provided to Customer L, one of our five largest customers for FP2019 that is located in Shanghai.

Revenue generated from our five largest customers for FY2016, FY2017, FY2018 and FP2019 accounted for 55.4%, 47.3%, 36.9% and 47.6% of our total revenue during those periods, respectively. Revenue generated from our largest customer for FY2016, FY2017, FY2018 and FP2019 accounted for 23.5%, 24.6%, 10.0% and 19.8%, of our total revenue during those periods, respectively. Please refer to the section headed "Business — Customers" in this prospectus for further disclosure.

During the Track Record Period, our suppliers mainly consisted of hardware and software vendors or their reseller or distributors in the PRC and Hong Kong. Our suppliers also include other IT service providers engaged by us to act as our subcontractors and assist us in our provision of data solutions, as well as IT maintenance and support services. For FY2016, FY2017, FY2018 and FP2019, purchases from our five largest suppliers accounted for 82.4%, 85.6%, 40.9% and 64.9% of the total purchases, and the purchases from the largest supplier accounted for approximately 32.6%, 45.2%, 10.6% and 25.4% of our total purchases for the same periods, respectively. Please refer to the section headed "Business — Suppliers" in this prospectus for further disclosure.

During the Track Record Period, we engaged 17, 20, 24 and 23 subcontractors respectively to assist us in our provision of (i) data solutions; and (ii) IT maintenance and support services. Please refer to the section headed "Business — Suppliers — Subcontracting" for further disclosure.

The following are our overlapping customers and suppliers during the Track Record Period:

- *SAS Beijing*. A PRC group company of the SAS Group, which is a leading provider specialised in data analytic software with nearly 30.0% of market share and revenue of approximately US$950.0 million in the advanced and predictive analytic software industry. SAS Beijing is one of our five largest suppliers and one of our five largest customers during the Track Record Period.
- *Supplier B*. A company incorporated in Hong Kong, and a group company of an information technology conglomerate listed on the New York Stock Exchange (the "**Group B**"). This group is a global leader in analytics data solutions with revenue of US$2.16 billion in 2018. During the Track Record Period, Supplier B and a PRC company which also belongs to the Group B are our suppliers, and such PRC company in the Group B is also our customer.
- *Supplier A*. A company incorporated in the PRC with its shares listed on the NEEQ. It is a provider of IT solutions involving cloud computing, big data and business intelligence. During the Track Record Period, Supplier A is one of our five largest suppliers, and Supplier A and the parent company of Supplier A are also our customers.

Our Directors confirmed that all of our sales to, and purchases from, the overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis. Please refer to the section headed "Business — Customers — Overlapping Customers and Suppliers" for further disclosure about our overlapping customers and suppliers.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths position us well in our target markets and differentiate us from our competitors: (i) we are a market player in the big data and AI industry in the PRC, and we are well positioned to capture the national development strategies and the industry growth momentum; (ii) we are devoted in technology advancements and we provide quality solutions and products to meet our customers' needs; (iii) we have developed a high quality, loyal customer base and established long-term strategic relationships with our customers; and (iv) we have a visionary and experienced senior management team, supported by high-caliber professionals and technical personnel and a culture of entrepreneurship. Please refer to the section headed "Business — Our Competitive Strengths" in this prospectus for further disclosure.

OUR BUSINESS STRATEGIES

We plan to develop our business, improve our market competitiveness and enhance our profitability by carrying out the following strategies: (i) strengthening and expanding our data solution offerings; (ii) enhancing market penetration and expanding into new market sectors; (iii) enhancing our research and development capabilities and infrastructure; (iv) collaborating with business partners and leading universities; and (v) selectively pursuing strategic acquisitions to enhance our market position. Please refer to the section headed "Business — Our Business Strategies" in this prospectus for further disclosure.

COMPETITIVE LANDSCAPE AND MARKET SHARE

According to the F&S Report, the PRC big data and AI solution market is highly fragmented, mainly because the strong government support and the rapid advancements in big data and AI technologies enable a wider range of applications in the customer downstream industries, and an increasing number of companies utilise the relevant applications. The top five market players had an aggregate market share of approximately 9.5% and our Group had a market share of approximately 0.06% in the PRC big data and AI solution market in term of revenue contributed through provision of data solutions in 2018. Please refer to the sections headed "Industry Overview — The PRC Big Data and AI Solution Industry — Competitive Landscape of The PRC Big Data and AI Solution Industry" in this prospectus for further disclosure.

LISTING ON AND DE-LISTING FROM THE NEEQ

In preparation for listing on the NEEQ, Suoxinda Shenzhen was converted into a PRC joint Stock Limited company on 25 December 2015. On 1 August 2016, Suoxinda Shenzhen was listed and commenced trading of its shares on the NEEQ with the stock code 838136. In consideration of the interest of our Group and our Shareholders as a whole and the Listing on the Stock Exchange, Suoxinda Shenzhen voluntarily ceased to list on the NEEQ on 6 November 2018. Please refer to the section headed "History and Reorganisation — Listing and Delisting on the NEEQ" in this prospectus for further disclosure.

SHAREHOLDER INFORMATION

Our Controlling Shareholder

Immediately following the completion of the Share Offer, Mr. Song, our ultimate Controlling Shareholder, the chairman of our Board and an executive Director, will be entitled to exercise voting rights of approximately 49.02% of the total issued share capital of our Company through Mindas Touch. Accordingly, Mr. Song and Mindas Touch will continue to be our Controlling Shareholders upon Listing. Each of our Controlling Shareholders has confirmed to our Company that it/he does not have any interest in any business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules. Please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus for further disclosure.

Pre-IPO Investments

On 23 November 2018, Ms. Xia entered into an agreement with Shenzhen Anyin to acquire 1.96% equity interests in Suoxinda Shenzhen at the consideration of RMB1,280,960. The consideration of the above acquisition was fully settled in cash on 13 December 2018. On 15 December 2018, Mr. Song, Mr. Wu, Shenzhen Shuxi, Ms. Xia, Ms. Cao, Suoxinda Shenzhen and Hongkong Hongsheng, who was an Independent Third Party and ultimately wholly-owned by Mr. Chen Lin, entered into a capital increase agreement, pursuant to which Mr. Chen Lin through Hongkong Hongsheng subscribed for the registered capital of RMB3,578,393.65, representing 6% of equity interest, of Suoxina Shenzhen at the consideration of RMB4,167,040 or in equivalent foreign currency. On 16 January 2019, the consideration of the above subscription of the registered capital in Suoxinda Shenzhen was fully settled in cash by Hongkong Hongsheng.

Upon completion of the Reorganisation, Ms. Xia (through Benefit Ocean) and Mr. Chen Lin. (through Grand Flourishing) held approximately (i) 1.85% and 6% of our Shares in issue immediately before completion of the Share Offer and the Capitalisation Issue; and (ii) 1.39% and 4.5% of our Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue, respectively. Please refer to the section headed "History and Reorganisation — Pre-IPO Investments" in this prospectus for further disclosure.

The valuation of Suoxinda Shenzhen, immediately before the delisting on the NEEQ on 6 November 2018, was approximately RMB339.8 million (the "**NEEQ Delisting Valuation**"). Subsequently, on 23 November 2018, the implied valuation of our Group as at the time of Ms. Xia's investment was determined based on the assessed value of Suoxinda Shenzhen based on the net asset value approach at an amount of RMB65.3 million (the "**Pre-IPO Valuation**"). Another Pre-IPO investment was entered on 15 December 2018 determined based on the Pre-IPO Valuation by Hongkong Hongsheng, ultimately owned by Mr. Chen Lin, through entering a capital increase agreement by subscribing an additional approximately RMB3.6 million of share capital of Suoxinda Shenzhen. After taking into consideration of the Pre-IPO Valuation, such subscription slightly increased the net asset value of Suoxinda Shenzhen to approximately RMB68.9 million. Upon the Listing, based on the Offer Price of HK$1.65 per Share, being the mid-point of the indicative Offer Price range and using the conversion rate of HK$1 to RMB0.86, the implied valuation of our Group at the time of the Listing will be approximately RMB567.6 million (the "**IPO Valuation**").

The difference between the NEEQ Delisting Valuation and the Pre-IPO Valuation was mainly because Suoxinda Shenzhen was a private company with lower market liquidity when negotiating the Pre-IPO Investments after the NEEQ Delisting. The difference in valuation between the Pre-IPO Valuation and IPO Valuation was mainly resulted from the increased liquidity in Shares upon successful listing on the Stock Exchange of Hong Kong, whereas Suoxinda Shenzhen was a private company at the time of negotiating the pre-IPO investments. Therefore, a premium is factored into the IPO valuation to reflect such difference in liquidity over the Pre-IPO Valuation and the NEEQ Delisting Valuation.

In addition, a significant discount to the Offer Price of approximately 83.79% was offered to Hongkong Hongsheng, which was ultimately wholly-owned by Mr. Chen Lin. Such significant discount was offered by our Group in the consideration of the Pre-IPO Valuation as well as future strategic benefits be brought by Mr. Chen Lin to our Group. In consideration that Mr. Chen Lin has 18 years of experience in sales and marketing of consumer electronics in the PRC, we believe that we will benefit from his valuable experience and extensive business network in the PRC for the further expansion of our sales and marketing channels. Subsequent to the Pre-IPO Investment made by Mr. Chen Lin and up to the Latest Practicable Date, we have successfully (i) participated in a FinTech marketing event in September 2019, and (ii) entered into a data solution contract with a rural financial institution in the PRC in October 2019, both through the referral of Mr. Chen Lin. Ms. Xia acquired equity interest of Suoxinda Shenzhen from Shenzhen Anyin, a formal shareholder of Suoxinda Shenzhen and such investment was determined and concluded based on negotiations between Ms. Xia and Shenzhen Anyin. Please refer to the section headed "History and Reorganisation — Pre-IPO Investments" in this prospectus for further details.

SUMMARY OF FINANCIAL INFORMATION

The tables below include, for the periods indicated, selected financial data derived from our consolidated statements of comprehensive income, the details of which are set forth in Appendix I, and these should be read in conjunction with the financial statements in Appendix I, including the related notes.

Key Information in Our Consolidated Statements of Comprehensive Income

	FY2016	FY2017	FY2018	FP2018	FP2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	170,404	139,386	185,549	41,254	67,790
Cost of sales	(131,631)	(92,925)	(122,472)	(28,080)	(39,202)
Gross profit	38,773	46,461	63,077	13,174	28,588
Profit/(loss) for the year/period	13,529	20,877	22,643	3,794	(1,284)

Non-IFRS financial measures

We use the non-IFRS financial measures of adjusted profit (excluding non-recurring items that were not incurred repeatedly over the Track Record Period) and adjusted net profit margin to provide additional information about our operating performance. Please refer to the paragraph headed "— Financial Ratios" in this section for details on the adjusted net profit margin. We believe that these non-IFRS financial measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across the Track Record Period.

The following table sets forth a reconciliation between our profit/(loss) and adjusted profit for the year/period:

	FY2016	FY2017	FY2018	FP2018	FP2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit/(loss) for the year/period	13,529	20,877	22,643	3,794	(1,284)
Add: Listing expenses[1]	—	—	4,975	—	6,115
Adjusted profit for the year/period	13,529	20,877	27,618	3,794	4,831

Note:

(1) Listing expenses are tax non-deductible.

Adjusted profit for the year/period is not a financial measure under the IFRS and is presented to provide information for evaluation and comparison of our financial results during the Track Record Period.

Although the non-IFRS financial measures are reconcilable to the line items in the consolidated financial statements, they should not be considered to be comparable to items in the consolidated financial statements in accordance with the IFRS. These measures may not be comparable to other similarly titled measures used by other companies.

Revenue

The following table sets out a breakdown of our revenue derived from each stream for the periods indicated.

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000* (unaudited)	*% of revenue*	*RMB'000*	*% of revenue*
Data solutions										
Analytics solutions	25,553	15.0	29,660	21.3	80,386	43.3	8,793	21.3	28,668	42.3
Data infrastructure solutions	25,912	15.2	9,909	7.1	6,310	3.4	2,494	6.0	13,182	19.5
Sub-total	51,465	30.2	39,569	28.4	86,696	46.7	11,287	27.3	41,850	61.8
Sales of hardware and software and related services as an integrated service	86,970	51.0	70,877	50.8	60,851	32.8	14,551	35.3	12,908	19.0
IT maintenance and support services	31,969	18.8	28,940	20.8	38,002	20.5	15,416	37.4	13,032	19.2
Total	170,404	100.0	139,386	100.0	185,549	100.0	41,254	100.0	67,790	100.0

Revenue generated from analytics solutions increased during the Track Record Period. Such increases were mainly due to (i) our strategic efforts to increase our market share in the PRC financial industry, mainly including banks and financial institutions, which increased our revenue generated from banks and financial institutions for FY2017; (ii) our increased revenue generated from banks and financial institutions for FY2018 as our services and abilities were well recognised by them. Our revenue generated from analytics solutions provided to banks and financial institutions further increased from RMB6.9 million for FP2018 to RMB23.3 million for FP2019 which was mainly due to the revenue of RMB11.1 million generated from various data analytics solution projects with a commercial bank, Customer B, one of our five largest customers for FP2019.

Due to the decrease in the total contract sum of our data infrastructure solutions projects, our revenue generated from these projects decreased from FY2016 to FY2018, despite the general increase in number of completed contracts. Such decreases in revenue were primarily due to the completion of certain relatively large size data infrastructure solution projects for setting up data warehouses in 2016 and 2017, including, in particular, a data infrastructure solution project for a bank which contributed RMB21.9 million to our revenue in FY2016 and a data infrastructure solution project for a telecom operator which contributed RMB2.3 million to our revenue in FY2017, respectively. There was no data infrastructure project of similar or larger size in FY2018. Subsequently, revenue from data infrastructure solutions projects increased from RMB2.5 million for FP2018 to RMB13.2 million for FP2019, which was mainly due to two relatively large size data infrastructure solution projects amounting to RMB5.1 million and RMB4.4 million that we provided for Customer M and Customer N, two of our five largest customers for FP2019, respectively.

Our sales of hardware and software and related services as an integrated service decreased during the Track Record Period, as we have been gradually focusing on provision of data solutions during the same period.

For the changes in revenue from IT maintenance and support services during the Track Record Period, primarily attributable to the fluctuation in revenue derived from provision of such services to a major customer, Customer C.

Gross Profit and Gross Profit Margin

	FY2016		FY2017		FY2018		FP2018		FP2019	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Data solutions										
Analytics solutions	6,772	26.5	9,607	32.4	30,115	37.5	3,566	40.6	10,963	38.2
Data infrastructure solutions	5,528	21.3	3,842	38.8	2,264	35.9	694	27.8	5,427	41.2
Sub-total	12,300	23.9	13,449	34.0	32,379	37.3	4,260	37.7	16,390	39.2
Sales of hardware and software and related services as an integrated service	16,756	19.3	22,066	31.1	18,779	30.9	3,286	22.6	7,683	59.5
IT maintenance and support services	9,717	30.4	10,946	37.8	11,919	31.4	5,628	36.5	4,515	34.6
Total	38,773	22.8	46,461	33.3	63,077	34.0	13,174	31.9	28,588	42.2

Our gross profit generated from our data solutions increased from FY2016 to FY2018, primarily attributable to the increasing trend of gross profit of analytics solutions during such period, which was partially offset by the decreasing trend of the gross profit generated from the data infrastructure solutions during such period. The gross profit margin of our analytics solutions increased from FY2016 to FY2018, mainly attributable to (i) our relatively low revenue base and fewer projects in FY2016 and FY2017 as we had been gradually expanding our market shares and strengthening our effort to attract and retain more customers; and (ii) our increased contract price and revenue base in FY2018 as our competitiveness and bargaining power with customers had gradually increased. The significant increase in the gross profit margin of our data infrastructure solutions from FY2016 to FY2017 was primarily attributable to the relatively low gross profit margin of an one-off data infrastructure project we rendered to a bank for setting up a data warehouse in FY2016. It contributed revenue and gross profit of RMB21.9 million and RMB4.6 million, respectively, representing 84.5% and 83.4% of our revenue and gross profit generated from this revenue stream for FY2016.

Our gross profit generated from our data solutions increased significantly from RMB4.3 million for FP2018 to RMB 16.4 million for FP2019, which was in line with the increase in revenue generated from our data solutions for FP2019 as compared to FP2018. Our gross profit margin for the provision of data solutions remained relatively stable at 37.7% for FP2018 and 39.2% for FP2019.

Our gross profit generated from the sales of hardware and software and related services as an integrated service increased from FY2016 to FY2017, but decreased for FY2018. The related gross profit margin significantly increased from FY2016 to FY2017, despite the revenue generated from such segment decreased in FY2017 as compared to FY2016, and such revenue slightly decreased further for FY2018. Our gross profit generated from the sales of hardware and software and related services as an integrated service increased significantly from RMB3.3 million for FP2018 to RMB7.7 million for FP2019. This fluctuation was primarily due to our sales of our self-developed software products, which have high gross profit margin of over 90%, significantly increased from RMB3.6 million for FY2016 to RMB16.4 million for FY2017 and RMB13.9 million for FY2018, respectively. Such sales significantly increased from RMB1.8 million for FP2018 to RMB7.4 million for FP2019. The proportion of revenue derived from the sales of self-developed software products in the total revenue from our sales of hardware and software and related services increased from 4.1% in FY2016 to 23.2% and 22.8% in FY2017 and FY2018, respectively. Such proportion significantly increased further from 12.3% for FP2018 to 57.5% for FP2019.

Our gross profit generated from IT maintenance and support services progressively increased from FY2016 to FY2018, primarily attributable to the general increasing trend in revenue from this revenue stream during such period. Our gross profit generated from IT maintenance and support services decreased from RMB5.6 million for FP2018 to RMB4.5 million for FP2019, which was generally in line with the decrease in revenue generated from IT maintenance and support services during these periods. The gross profit margin of our IT maintenance and support services decreased for FY2016 and FY 2018 as compared to that for FY 2017, which was mainly attributable to our use of more subcontracting services for the provision of IT maintenance and support services to our customers in FY2016 and FY2018, respectively. Subcontracting arrangements typically have a lower gross profit margin than deploying our own staff. Our gross profit margin of IT maintenance and support services remained relatively stable at 36.5% for FP2018 and 34.6% for FP2019.

For further disclosure on the discussion and analysis of our results of operations during the Track Record Period, please refer to the section headed "Financial Information — Description of Major Components of Our Results of Operations" in this prospectus.

Other Income and Other Gains/(Losses), Net

The following table sets forth a breakdown of our other income and other gains/(losses), net for the periods indicated:

	FY2016	FY2017	FY2018	FP2018	FP2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income					
Government grants	424	1,905	3,526	2,356	1,809
Other gains/(losses), net					
Fair value gains on short-term investments and equity investments	145	761	2,213	945	2
Loss on disposal of property and equipment	—	(3)	(24)	—	(5)
Gain on remeasurement of leases	—	—	—	—	234
Others	(3)	—	(7)	(111)	(217)
	142	758	2,182	834	14

Other income and other gains/(losses), net consist primarily of government grants, fair value gains on short-term investments and equity investments, loss on disposal of property and equipment, and gain on remeasurement of leases and others. Please refer to the section headed "Financial Information — Description of Major Components of Our Results of Operations — Other Income and Other Gains/(Losses), Net" for further disclosure.

Key Information in our Consolidated Statements of Financial Position

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	22,419	23,206	63,958	71,072
Current assets	75,377	103,401	118,460	117,761
Current liabilities	34,054	47,961	102,237	101,615
Net current assets	41,323	55,440	16,223	16,146
Total assets less current liabilities	63,742	78,646	80,181	87,218
Total net assets	62,528	78,034	75,864	81,013

We had net current assets as at 31 December 2016, 2017 and 2018, and 31 May 2019, respectively. Our net current assets position as at each of these dates was mainly attributable to our trade receivables, contract assets, financial assets at fair value through profit or loss and cash and cash equivalents, partially offset by our trade payables, accruals and other payables, current income tax liabilities, lease liabilities and bank and other borrowings. Please refer to the section headed "Financial Information — Net Current Assets" in this prospectus for further disclosure.

Our net assets progressively increased from RMB62.5 million as at 31 December 2016 to RMB81.0 million as at 31 May 2019, except a decrease in our net assets as at 31 December 2018. This was primarily due to the dividend of RMB35.1 million distributed by Suoxinda Shenzhen in FY2018.

Summary Consolidated Statements of Cash Flows

	FY2016	FY2017	FY2018	FP2018	FP2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating cash flows before changes in working capital	19,724	28,575	34,110	6,664	8,627
Net cash generated from/(used in) operating activities	29,538	37,848	15,575	(26,344)	(29,072)
Net cash used in investing activities	(9,093)	(18,011)	(14,807)	(18,603)	(9,113)
Net cash (used in)/generated from financing activities	(3,647)	(6,625)	2,363	32,398	7,740
Net increase/(decrease) in cash and cash equivalents	16,798	13,212	3,131	(12,549)	(30,445)
Cash and cash equivalents at beginning of the year/period	11,050	27,912	40,935	40,935	44,266
Effect of currency translation differences	64	(189)	200	30	(43)
Cash and cash equivalents at the end of the year/period	27,912	40,935	44,266	28,416	13,778

We historically funded our cash requirements principally from our business operations and cash at banks. Cash flows from operating activities consist of profit before income tax adjusted for (i) certain non-cash or non-operating activities related items, which include share based compensation for non-employee, share of loss of an associate, gain on remeasurement of leases, depreciation of property and equipment, amortisation of intangible assets, loss on disposal of property and equipment, provision for impairment of trade receivables, fair value gains on short-term investments and equity investments and net finance costs; and (ii) the consolidated effects of changes in working capital and income tax paid. Our operating cash flows before changes in working capital was RMB19.7 million, RMB28.6 million, RMB34.1 million and RMB8.6 million in FY2016, FY2017, FY2018, and FP2019, respectively. With the effects of the changes in working capital, we experienced net cash used in operating activities of RMB26.3 million and RMB29.1 million in FP2018 and FP2019, respectively. Our net operating cash outflows for FP2018 was primarily attributable to (i) the increase of RMB17.4 million in prepayments and other financial assets at amortised cost, which was mainly due to our interest receivable from the one-off disposal of wealth management product in FP2018; (ii) the increase of RMB4.4 million in purchasing inventories to meet the customer orders that were subsequently delivered in June 2018; (iii) the decrease in trade payable of RMB5.0 million as RMB4.1 million was paid to SAS Beijing in FP2018 to settle the outstanding trade payables; and (iv) the decrease of RMB6.5 million in accruals and other payables which was mainly due to the payment of accrued salaries and wages and other tax payables in FP2018. Our net operating cash outflows for FP2019 was primarily attributable to the increase in trade receivables of RMB31.8 million. The change was mainly attributable to (i) more revenue generated during FP2019, which led to our current period outstanding trade receivable increased by RMB23.2 million during FP2019; and (ii) the increase in our other outstanding trade receivables by RMB8.6 million during FP2019, which was mainly due to our Customer B, a commercial bank, contributed approximately RMB7.8 million for the outstanding trade receivable balance. Such outstanding balance had been fully settled as at 31 July 2019. We intend to improve our operating cash flow position among others, by (i) continue enhancing our collection efforts of our trade receivables, and (ii) continue putting more efforts to obtain favourable credit terms from suppliers.

Please refer to the section headed "Financial Information — Liquidity and Capital Resources" in this prospectus for further details.

FINANCIAL RATIOS

The following table sets out certain key financial ratios as at the dates or for the periods indicated.

	As at 31 December			As at 31 May
	2016	2017	2018	2019
Current ratio(1)	2.2 times	2.2 times	1.2 times	1.2 times
Gearing ratio(2)	27.7%	27.6%	80.5%	81.3%

	FY2016	FY2017	FY2018	FP2019
Gross profit margin (%)(3)	22.8	33.3	34.0	42.2
Net profit margin (%)(4)	7.9	15.0	12.2	N/A
Return on equity (%)(5)	24.4	29.7	29.4	N/A
Return on total assets (%)(6)	15.0	18.6	14.7	N/A
Non-IFRS measures				
Adjusted net profit margin (%)(7)	7.9	15.0	14.9	7.1

Notes:

(1) Current ratio was calculated based on our total current assets as at the end of each year/period divided by our total current liabilities as at the same date.

(2) Gearing ratio was calculated based on our total bank borrowings as at the end of each year/period divided by our total equity as at the same date.

(3) Gross profit margin was calculated based on our gross profit for the respective periods divided by our revenue for the same year/period.

(4) Net profit margin was calculated based on our profit for the respective year/period divided by our revenue for the same year/period. Net profit margin for FP2019 was not applicable due to net loss for FP2019.

(5) Return on equity was calculated based on our profit for the respective year/period divided by the average total equity for the same year/period (sum of the opening and closing balances of our total equity for the respective year/period and then divided by two). Return on equity for FP2019 was not applicable as (i) a calculation using profit/(loss) for the period is not comparable to the one using profit/(loss) for the year; and (ii) the profit/(loss) for the period cannot be meaningfully annualised primarily due to seasonality fluctuation in our revenue. Please refer to the section headed "Financial Information — Major Factors Affecting Our Results of Operations — Seasonality" for further disclosure on seasonality of our business.

(6) Return on total assets was calculated based on our profit for the respective year/period divided by the average total assets for the same year/period (sum of the opening and closing balances of our total assets for the respective year/period and then divided by two). Return on total assets for FP2019 was not applicable as (i) a calculation using profit/(loss) for the period is not comparable to the one using profit/(loss) for the year; and (ii) the profit/(loss) for the period cannot be meaningfully annualised primarily due to seasonality fluctuation in our revenue. Please refer to the section headed "Financial Information — Major Factors Affecting Our Results of Operations — Seasonality" for further disclosure on seasonality of our business.

(7) Adjusted net profit margin was calculated based on our adjusted profit for the respective year/period divided by our revenue for the same year/period.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Share Offer. We did not incur any expenses in relation to the Listing in FY2016 and FY2017. We estimate that our listing expenses will be approximately RMB31.7 million (based on the mid-point of the indicative Offer Price range, including underwriting commission and excluding any discretionary incentive fee which may be payable by us), of which approximately RMB10.9 million will be directly attributable to the issue of our Shares to the public and will be capitalised, approximately RMB5.0 million and RMB6.1 million have been expensed in FY2018 and FP2019, and approximately RMB9.7 million is expected to be expensed for the remaining period of FY2019. Our Directors expect such expenses would adversely impact our results of operations for the year ending 31 December 2019.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

Set forth below are certain developments of our business and results of operations subsequent to the Track Record Period and up to the Latest Practicable Date:

- Our business operation remained stable after the Track Record Period and up to the Latest Practicable Date. There had been no change to our business model and we continued to develop and deliver sophisticated data solutions with a strategic focus on leading banks and financial institutions in the PRC.
- In July 2019 and September 2019, we were awarded "2019 Leading FinTech Brands in the PRC* (2019 中國金融科技領軍品牌)" by China Finance Summit (中國財經峰會) and "Innovative Solution — Bronze Award (創新解決方案—銅獎)" by China Fintech Innovation Competition 2019 (2019中國金融科技創新大賽) in recognition of our market position.
- We have entered into agreements with an Independent Third Party to purchase the Haina Property in Shenzhen which has a gross floor area of 3,098 sq.m. at a consideration of RMB62.0 million. As at the Latest Practicable Date, we have paid RMB30.0 million as deposits, and we plan to pay RMB12.0 million on or before 31 December 2019 and the remaining amount of RMB20.0 million in the first half year of 2020. For further details relating to the purchase of Haina Property, please refer to the section headed "Business — Real Properties — Properties to be acquired" in this prospectus.
- Our business continues to grow subsequent to the Track Record Period. Based on the unaudited financial information of our Group, our revenue increased for the nine months ended 30 September 2019 as compared to that for the corresponding period in 2018, primarily because the total contract sum of relevant revenue generating projects increased from RMB173.7 million for the nine months ended 30 September 2018 to RMB246.0 million for the nine months ended 30 September 2019. In addition, our Directors confirm that our gross profit and our gross profit margin increased during the nine months ended

30 September 2019 as compared to that for the corresponding period in 2018. However, the overall financial performance of our Group for FY2019 is expected to be adversely affected by the non-recurring Listing expenses incurred by our Group.

As disclosed in the paragraph headed "— Listing Expenses" in this section, our net profit for FY2019 is expected to be affected by the estimated expenses in relation to the Listing. Our Directors have confirmed that save as disclosed in the subsections above, since 31 May 2019, the end of the period reported in the Accountant's Report as set out in Appendix I to this prospectus, and up to the date of this prospectus, (i) there had been no material adverse change in the market conditions or industry environment where we operate, which materially and adversely affected our financial or operating position; (ii) there has been no material adverse change in our financial or trading position; and (iii) there has been no event since 31 May 2019 which would materially affect the information shown in the Accountant's Report as set out in Appendix I to this prospectus.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material litigation or arbitration, and no litigation or arbitration is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our business, financial condition or results of operations. As confirmed by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had obtained all the necessary licenses, approvals and permits from appropriate regulatory authorities for our business operations in the PRC and except as otherwise disclosed in the section headed "Business — Legal Proceedings and Compliance — Non-compliance" in this prospectus, we had complied with the applicable PRC laws and regulations in relation to our business and operations in all material respects.

SHARE OFFER STATISTICS

The Share Offer comprises the following: (i) the Public Offer of initially 10,000,000 Shares; and (ii) the Placing of initially 90,000,000 Shares, subjects, in each case, to reallocation on the basis as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus. The following table sets out certain offering related data, assuming that the Share Offer has been completed:

	Based on the Offer Price of HK$1.5 per Offer Share	Based on the Offer Price of HK$1.8 per Offer Share
Market capitalisation[(1)]	HK$600.0 million	HK$720.0 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributed to owners of our Company per Share[(2)]	RMB0.44 (equivalent to HK$0.49)	RMB0.50 (equivalent to HK$0.56)

Please refer to Appendix II to this prospectus for further details.

Notes:

(1) The calculation of our market capitalisation is based on 400,000,000 Shares which will be in issue immediately following the completion of the Capitalisation Issue and the Share Offer but takes no account of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate to issue shares and general mandate to repurchase shares of described in the section headed "Share Capital" of this prospectus.

(2) Immediately following completion of the Share Offer and the Capitalisation Issue, the issued share capital of the Company will be HK$4,000,000 divided into 400,000,000 Shares, all fully paid or credited as fully paid. For the purpose of the preparation of the unaudited pro forma financial information, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 May 2019 per Share is calculated based on 400,000,000 Shares assuming in issue immediately following the completion of the Share Offer and the Capitalisation Issue. It does not take into account of any shares which may be issued or repurchased pursuant to the Company's general mandate. Please refer to Appendix II to this prospectus for further details.

FUTURE PLANS AND USE OF PROCEEDS

We estimate we will receive approximately HK$129.0 million net proceeds from the Share Offer after deducting underwriting commission (excluding any discretionary incentive fee) and expenses paid and estimated payable by us in connection with the Share Offer, assuming an Offer Price of HK$1.65 per Share, being the mid-point of the indicative Offer Price range. We intend to use the net proceeds we receive from the Share Offer for the following purposes:

Approximate percentage and amount of net proceeds *(HK$)*	Intended usages
approximately 20.0%, or HK$25.8 million,	Strengthening and expansion of our data solution offerings through continuously attracting and retaining high-quality personnel and offering attractive compensation packages to retain our employees
approximately 20.0%, or HK$25.8 million	Enhancement of our sales and marketing efforts including corporate branding activities
approximately 35.0%, or HK$45.2 million	Development of the financial AI laboratory, the display centre and office facilities of the Haina Property in Shenzhen
approximately 15.0%, or HK$19.3 million	Potential strategic acquisition to supplement our organic growth
approximately 10.0%, or HK$12.9 million	Working capital and other general corporate purposes

Please refer to the section headed "Future Plans and Use of Proceeds" of this prospectus for further disclosure.

DIVIDENDS AND DISTRIBUTABLE RESERVE

Suoxinda Shenzhen, our subsidiary previously listed on the NEEQ, paid dividends of RMB5.0 million and RMB35.1 million in 2017 and 2018, respectively, all of which were settled in 2017 and 2018 through NEEQ's clearing and settlement system. In addition, Suoxinda Shenzhen has allotted and issued 22,084,833 shares by way of a bonus issue of 6.5 shares for every 10 shares held by the then shareholders of Suoxinda Shenzhen in October 2018. Our Group currently does not have a fixed dividend policy, and does not have a pre-determined dividend payout ratio. Subject to the Cayman Companies Law and our Articles of Associations, our Company may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by our Board. The declaration and payment of dividends and the amount of dividends in the future will be at the recommendation of our Directors at their discretion and will depend on our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which our Directors may consider relevant. We had reserve available for distribution to our Shareholders amounting to RMB11.7 million as at 31 May 2019.

RISK FACTORS

There are risks associated with your investment in the Offer Shares, among which, the relatively material risks are (i) if we fail to keep up with technological advancements of the PRC big data and AI solution industry, our business, financial condition and results of operations may be materially and adversely affected; (ii) we generally do not have long-term contracts with our customers which exposes us to the risk of uncertainty and potential volatility with respect to our revenue; (iii) if we fail to expand our solution and product offerings or develop and deliver solutions and products to meet increasingly complex customer demands and attract new customers, our financial condition and results of operations may be materially and adversely affected; and (iv) we may fail to secure further contracts from existing customers or may fail to secure contracts from new customers. You should read the entire section headed "Risk Factors" in this prospectus carefully before you decide to invest in the Offer Shares.

In this prospectus, the following expressions shall have the meanings set out below, unless the context otherwise requires:

"affiliate(s)"	With respect to any specific person, any other person, directly or indirectly, controlling or controlled by or under director indirect common control with such person
"Application Form(s)"	**WHITE**, **YELLOW** and **GREEN** application form(s) or, where the context so requires, any of them which is used in the Public Offer
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company conditionally adopted on 15 November 2019, which shall become effective upon the Listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association" in Appendix IV to this prospectus
"associate(s)"	has the same meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"Benefit Ocean"	Benefit Ocean Holdings Limited (利海控股有限公司), a company incorporated in the BVI with limited liability on 18 October 2018, which is wholly-owned by Ms. Xia
"Blue Whale"	Blue Whale AI Technology Co., Limited (藍鯨智能科技有限公司), a company incorporated in Hong Kong with limited liability on 13 December 2018, which is wholly-owned by Prophet Technology
"Business Day"	a day on which banks in Hong Kong are generally open for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the allotment and issue of certain Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of the Company as referred to in the paragraph headed "Statutory and General Information — A. Further Information about Our Company — 3. Written Resolutions of Our Shareholders passed on 15 November 2019" in Appendix V to this prospectus

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"Circular No. 37"	the Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》)
"close associate(s)"	has the same meaning ascribed thereto under the Listing Rules
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"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" or "Companies (WUMP) 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" or "our Company"	Suoxinda Holdings Limited (索信达控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 6 December 2018

"connected person(s)" or "core connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the same meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)" or "our Controlling Shareholders"	the controlling shareholders(s) (having the same meaning ascribed thereto under the Listing Rules) of our Company, namely, Mindas Touch and Mr. Song
"CSRC"	the China Securities Regulatory Commission of the People's Republic of China (中國證券監督管理委員會)
"Datamargin"	Datamargin (Hong Kong) Co., Limited (捷客數據(香港)有限公司), a company incorporated in Hong Kong with limited liability on 14 September 2015, which is wholly-owned by Suoxinda Shenzhen
"Deed of Indemnity"	the deed of indemnity dated 15 November 2019 and executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for the benefit of our subsidiaries from time to time), particulars of which are summarised in the section headed "Statutory and General Information — D. Other Information — 13. Estate duty, tax and other indemnities" in Appendix V to this prospectus
"Director(s)"	the director(s) of our Company
"Dr. Qiao"	Dr. Qiao Zhonghua (喬中華), an independent non-executive Director of the Company
"EIT"	enterprise income tax
"EIT Law"	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
"EIT Rules"	Regulation 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), as amended, supplemented or otherwise modified from time to time

"Enlighten Peak"	Enlighten Peak Limited (啟峰有限公司), a company incorporated in the BVI with limited liability on 18 October 2018, which is wholly-owned by Ms. Cao
"Extreme Conditions"	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
"FP"	for the five months ended/ending 31 May of a financial year
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an Independent Third Party and a market research and consulting company
"Frost & Sullivan Report" or "F&S Report"	an industry report prepared by Frost & Sullivan
"FY"	for the year ended/ending 31 December of a financial year
"GDP"	Gross Domestic Product
"Grand Flourishing"	Grand Flourishing Investments Limited, a company incorporated in the BVI with limited liability on 8 November 2018, which is wholly-owned by Mr. Chen Lin
"Greater Bay Area"	Guangdong — Hong Kong — Macau Bay Area, being the integrated economic and business hub covering Hong Kong, Macau, and cities in the PRC including Guangzhou, Huizhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Jiangmen and Zhaoqing
"**GREEN** Application Form(s)"	the application form(s) to be completed by **HK eIPO White Form** Service Provider
"Group", "our Group", "we" or "us"	our Company and its subsidiaries or any of them, or where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time, and "we" or "us" shall be construed accordingly
"Haina Property"	a property situated at 3rd Floor, Block 2, Haina Centre Phrase I, Guangqiao Avenue No. 1163, Guangming High-Tech Park, Baoan District, Shenzhen, the PRC, with a gross floor area of 3,098 sq. m..
"HK$", "HKD" or "Hong Kong dollars" and "cent(s)"	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong

"**HK eIPO White Form**"	the application for Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **HK eIPO White Form** at **www.hkeipo.hk** or the IPO App
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website of **HK eIPO White Form** at **www.hkeipo.hk** or the IPO App
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited
"Hongkong Hongsheng"	Hongkong Hongsheng Investment Co., Limited (香港泓盛投資有限公司), a company incorporated in Hong Kong with limited liability on 12 October 2018
"Ideal Treasure"	Ideal Treasure Holdings Limited (志寶控股有限公司), a company incorporated in the BVI with limited liability on 18 October 2018, which is wholly-owned by Mr. Wu
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of, and is/are not, our connected person(s) (within the meaning of the Listing Rules)
"IPO App"	the mobile application for **HK eIPO White Form** service which can be downloaded by searching "**IPO APP**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"Joint Bookrunners"	Tonghai Securities and Realord Securities
"Joint Lead Managers"	Tonghai Securities, Realord Securities, Target Capital and Wonderland Securities
"Latest Practicable Date"	18 November 2019, being the latest practicable date for the purpose of ascertaining certain information before the printing of this prospectus
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange

"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Date"	the date on which the listing of the Shares first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	the Provisions Regarding Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (關於外國投資者併購境內企業的規定), jointly issued by the MOFCOM, SASAC, SAT, CSRC, SAIC and SAFE
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company, conditionally adopted on 15 November 2019, which shall become effective upon the Listing, and as amended, supplemented or otherwise modified from time to time, a summary of which is set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law — 1. Memorandum of Association" in Appendix IV to this prospectus
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"Mindas Touch"	Mindas Touch Global Limited, a company incorporated in the BVI with limited liability on 30 October 2018, which is wholly-owned by Mr. Song
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部)
"MOHRSS"	the Ministry of Labour and Social Security of the PRC (中華人民共和國勞動和社會保障部) or the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) after the 2018 State Council Reform

"MOST"	the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部)
"Mr. Chen Liang"	Mr. Chen Liang (陳亮), an ultimate Shareholder and our employee
"Mr. Chen Lin"	Mr. Chen Lin (陳麟), one of our Pre-IPO Investors
"Mr. Song"	Mr. Song Hongtao (宋洪濤), one of our Controlling Shareholders, the chairman of the Board and an executive Director
"Mr. Tu"	Mr. Tu Xinchun (涂新春), an independent non-executive Director
"Mr. Wu"	Mr. Wu Xiaohua (吳曉華), a substantial Shareholder and an executive Director
"Ms. Cao"	Ms. Cao Chaohui (曹朝輝), an ultimate Shareholder and a former shareholder of Suoxinda Shenzhen immediately after its delisting from the NEEQ
"Ms. Liu"	Ms. Liu Qin (柳琴), an ultimate Shareholder and our employee
"Ms. Wang"	Ms. Wang Jing (王靜), an ultimate Shareholder and an executive Director of the Company
"Ms. Wei"	Ms. Wei Huijuan (魏惠娟), an ultimate Shareholder and a member of our senior management
"Ms. Xia"	Ms. Xia Liping (夏莉萍), one of our Pre-IPO Investors
"Ms. Zhang"	Ms. Zhang Yahan (張雅寒), an independent non-executive Director
"Ms. Zhu"	Ms. Zhu Shuang (朱雙), an ultimate Shareholder and our employee
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NEEQ"	National Equities Exchange and Quotations* (全國中小企業股份轉讓系統), which is also known as the "New Third Board", is an equity trading platform for the sale of existing shares or private placing of new shares by small and medium sized enterprises in the PRC and is managed by NEEQ Co. Ltd.
"NEEQ Co. Ltd."	National Equities Exchange and Quotations Co. Ltd.* (全國中小企業股份轉讓系統有限責任公司)
"Nomination Committee"	the nomination committee of the Board

"Offer Price"	the final price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Public Offer Shares are to be subscribed for pursuant to the Public Offer and Placing Shares are to be offered pursuant to the Placing, to be determined as described in the section headed "Structure and Conditions of the Share Offer — Determining the Offer Price" in this prospectus
"Offer Shares"	the Public Offer Shares and the Placing Shares
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Placing"	the conditional offering of the Placing Shares at the Offer Price as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Shares"	the 90,000,000 Shares being initially offered by our Company for subscription and purchase at the Offer Price under the Placing, subject to adjustment as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Underwriters"	one or more underwriters of the Placing
"Placing Underwriting Agreement"	the underwriting agreement relating to the Placing, which is expected to be entered into by, among others, our Company, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters on the Price Determination Date, as further described in the subsection headed "Underwriting — Underwriting Arrangements and Expenses — The Placing" in this prospectus
"PRC" or "China"	the People's Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong and the Macau Special Administrative Region of the PRC
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as enacted by the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective on 1 July 1994, and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013, as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisers"	JunZeJun Law Offices, legal advisers to our Company as to PRC laws

"Pre-IPO Investments"	the Pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are described in the section headed "History and Reorganisation — Pre-IPO Investments"
"Pre-IPO Investors"	Mr. Chen Lin and Ms. Xia
"Price Determination Agreement"	the agreement to be entered into between our Company and the Joint Bookrunners (on behalf of the Underwriters) at or about the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about Wednesday, 4 December 2019 in any event no later than Wednesday, 11 December 2019, on which the Offer Price is to be fixed by an agreement between our Company and the Joint Bookrunners (on behalf of the Underwriters)
"Prophet Technology"	Prophet Technology Limited (先知科技有限公司), a company incorporated in the BVI with limited liability on 28 November 2018, which is a wholly-owned subsidiary of the Company;
"Public Offer"	the offer of the Public Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "Structure and Conditions of the Share Offer") at the Offer Price (plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on and subject to the terms and conditions described in this prospectus and the Application Forms, as further described in the subsection headed "Structure and Conditions of the Share Offer — The Public Offer"
"Public Offer Shares"	the 10,000,000 Shares being initially offered by our Company for subscription at the Offer Price under the Public Offer (subject to adjustment as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus)
"Public Offer Underwriters"	the underwriters of the Public Offer as listed in the section headed "Underwriting — Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the public offer underwriting agreement dated 26 November 2019 relating to the Public Offer entered into by, among others, our Company, the Joint Bookrunners, the Lead Managers and the Public Offer Underwriters, as further described in the subsection headed "Underwriting — Underwriting Arrangements and Expenses — Public Offer" in this prospectus
"Realord Securities"	Realord Asia Pacific Securities, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO

"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reorganisation"	the reorganisation arrangements undergone by our Group in preparation for the Listing as described in the section headed "History and Reorganisation" in this prospectus
"Reporting Accountant"	PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of our Company
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國工商管理總局) or the State Administration for Market Regulation (國家市場監督管理局) after the 2018 State Council Reform
"SASAC"	the State Owned Assets Supervision and Administration Commission of the State Council (國務院國有資產管理委員會)
"SAS Beijing"	SAS Software (Beijing) Co., Ltd.* (賽仕軟件(北京)有限公司), a group company of SAS Group and one of our overlapping customers and suppliers during the Track Record Period, details of which are disclosed in the section headed "Business — Customers — Overlapping Customers and Suppliers" in this prospectus
"SAS Group"	an information technology conglomerate based in the US and a leading provider of advanced analytics software and system
"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 (全國人民代表大會常務委員會)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary share(s) of nominal value of HK$0.01 each in the share capital of our Company
"Share Offer"	the Public Offer and the Placing
"Shareholder(s)"	holder(s) of our Share(s) from time to time
"Shenzhen Anyin"	Shenzhen Anyin Investment Partnership (Limited Partnership)* (深圳市安銀投資合夥企業(有限合夥)), a limited partnership enterprise established under the laws of the PRC
"Shenzhen Shuxi"	Shenzhen Shuxi Investment Management Enterprise (Limited Partnership)* (深圳數希投資管理企業(有限合夥)), a limited partnership enterprise established under the laws of the PRC
"Sole Sponsor"	Essence Corporate Finance (Hong Kong) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Sourcing Development"	Sourcing Industrial Development (HK) Co. Limited (索信實業發展(香港)有限公司), a company incorporated in Hong Kong with limited liability on 23 February 2006, which is wholly-owned by Datamargin
"Southern China"	The southern region of the PRC, including Guangdong Province, Guangxi and Hainan Province
"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
"substantial shareholder(s)"	has the same meaning ascribed thereto under the Listing Rules
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"Suoxinda Beijing"	Suoxinda (Beijing) Data Technology Co., Ltd.* (索信達(北京)數據技術有限公司), a company established under the laws of the PRC with limited liability on 13 October 2016, which is wholly-owned by Suoxinda Shenzhen
"Suoxinda Shenzhen"	Shenzhen Suoxinda Data Technology Co., Ltd.* (深圳索信達數據技術有限公司), a company established under the laws of the PRC with limited liability on 25 March 2004, which is a wholly foreign-owned enterprise* (外商獨資企業) and an indirectly wholly-owned subsidiary of our Company

"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Target Capital"	Target Capital Management Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
"Thousand Thrive"	Thousand Thrive Investments Limited (千盛投資有限公司), a company incorporated in the BVI with limited liability on 18 October 2018, which is wholly-owned as to approximately 20.54% by Ms. Wang, 15.50% by Ms. Wei, 37.04% by Ms. Liu, 12.01% by Mr. Chen Liang and 14.91% by Ms. Chu, respectively
"Tonghai Securities"	China Tonghai Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
"Track Record Period"	the period comprising the three financial years of our Group ended 31 December 2018 and the five months ended 31 May 2019
"Underwriters"	the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"United States" or "U. S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "USD"	US dollars, the lawful currency of the United States of America
"VAT"	value-added tax
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's own name
"Wonderland Securities"	Wonderland International Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) under the SFO
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS

"sq.m."	square metre
"%"	per cent
"1H"	the first half year
"2H"	the second half year

If there is any inconsistency between the Chinese names of the PRC entities, organisation, facilities, nationals, laws or regulations mentioned in this prospectus and their English translations, the Chinese names shall prevail. The English translations of the PRC entities, enterprises, organisation, facilities, nationals, laws or regulations are for identification purposes only.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This glossary contains certain definitions and technical terms used in this prospectus in connection with our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of such terms.

"AI"	artificial intelligence, referring to advanced analysis and logic-based techniques to perform cognitive functions that associate with human minds, such as learning, reasoning, interacting with the environment and problem solving
"big data"	big data is the data in high-volume with a wide range of varieties, which is processed in a cost-effective and very quick way in order to enhance business process automation and decision making
"CAGR"	compound annual growth rate
"CMMI"	Capability Maturity Model Integration certification
"ETL"	extract-transform-load, referring to the general procedure of extracting, transforming and loading data from data sources to the destination system
"FinTech"	financial technology, referring to the application of information technology to the provision of financial services
"Flink"	A framework and distributed processing engine for stateful computation over data streams
"hardware"	physical elements that constitute a computer system, such as central processing unit, monitor, mouse, keyboard, hard disk, etc.
"industry verticals"	a specific industry in which vendors offer goods and services to group of customers with specialised needs
"ISO"	an acronym for a series of quality management and quality assurance standards published by the International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"IT"	information technology
"Java"	a general-purpose computer-programming language
"Python"	an interpreted, high-level, general-purpose programming language

"server"	a computer system that provides services to other computing systems over a computer network
"software"	any set of machine-readable instructions that directs a computer's processor to perform specific operations
"SQL"	Structured Query Language
"TensorFlow"	an open-source software library for dataflow and differentiable programming
"Voice of the Customer Solutions"	a type of solution that aims to collect a vast amount of real-time data, historical data and feedbacks regarding consumers' experiences and expectations of certain companies or products across a wide variety of channels, including forums, blogs, websites, e-commerce platforms and internal systems. It aims to address customer concerns, improve service quality, facilitate strategic decision-making and enhance customer loyalty

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. 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 strategies and plans to achieve these strategies;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licences or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the "Business" and "Financial Information" sections of this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These forward-looking statements are based on current plans and estimates, and speak only as at the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. Our business, financial condition, results of operations or prospects may be materially and adversely affected by any of these risks and the trading price of our Shares may decline as a result. You may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations. This prospectus also contains forward-looking information that involves risks and uncertainties.

We believe that there are certain risks and uncertainties involved in our business, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Share Offer.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to keep up with technological advancements of the PRC big data and AI solution industry, our business, financial condition and results of operations may be materially and adversely affected

The PRC big data and AI solution industry is rapidly evolving and subject to continuous technological advancements. Our future success depends in part upon our ability to adapt and respond effectively to these changes on a timely basis. Future development or application of new or alternative technologies, services and/or standards may require significant changes to our business model, development of new solutions, provision of additional services or substantial investments by us.

We must develop and promote new solutions or enhance our existing solutions to address the technological advancements and new market trends in order to maintain our market position. A number of factors could have a negative effect on our ability to introduce new or enhanced data solutions such as: (i) delays or difficulties in developing new solutions; (ii) our competitors' introduction of new solutions ahead of us, or their introduction of solutions with more cutting-edge technologies or at more competitive prices; and (iii) failure to anticipate changing demands of our customers. We cannot assure you that our technologies will not become obsolete, or be subject to competition from new technologies in the future, or will be able to keep pace with the emerging industry standards and address the increasingly sophisticated needs of our customers. Failure to keep up with technological advancements of the PRC data solution industry or the changing requirements of our customers may result in our solutions being less attractive to existing or potential customers, which in turn, may materially and adversely affect our business, results of operations and prospects. Please refer to the section headed "Business — Our Technologies" in this prospectus for further disclosure of our technologies.

We generally do not have long-term contracts with our customers which exposes us to the risk of uncertainty and potential volatility with respect to our revenue

Our data solutions are provided to our customers on a project-by-project basis and this is not recurrent in nature. The duration of our data solution projects is normally ranged from two months to one year. After the expiry of the original warranty period, our customers may further engage us to provide maintenance and support services for the solutions that we delivered to them. Sometimes, our customers may engage us in enhancement work or conducting upgrades for the solutions delivered by us in previous projects. However, after completion of a big data and AI project, there is no assurance that our customers will continue to provide us with new businesses. For our IT maintenance and support services, our contracts with customers normally ranged from one month to two years. However, we are unable to guarantee that the IT maintenance and support service contracts will be renewed in the future nor can we guarantee that we shall be able to enter into new contracts with our customers.

In general, except for certain IT maintenance and support service contracts which last up to two years, we do not have long-term contracts with our customers, which create uncertainty as to our future revenue streams. Our business and future revenue will likely be adversely affected in the event that we are unable to secure new engagements with our new customers or our existing customers do not continue to engage us.

It is also difficult to forecast future purchases of our customers. Our data solutions is provided on a project-by-project basis. They are customised to meet the specific needs of our customers' systems. For each project of our data solutions, the terms of our agreement are determined on a case-by-case basis. The contract sum can be affected by factors including complexity of the solutions, technical specification requirements, system configurations, length of expected lead-time, and our expected workload. As such, the revenue generated from each customer is different for each project. We cannot assure you that we can secure future engagements with contract sum comparable with the engagements during the Track Record Period. The sustainability of the financial performance including number of projects undertaken, the total revenue contributed from these businesses and revenue from each customer is uncertain. Our financial performance may therefore fluctuate from year to year, and can be unpredictable.

If we fail to expand our solution and product offerings or develop and deliver solutions and products to meet increasingly complex customer demands and attract new customers, our financial condition and results of operations may be materially and adversely affected

In order to maintain and increase our current competitive position and to continue to grow our business, we need to continuously introduce new solutions and products. The market for our data solutions in particular is characterised by continuous technological developments and innovation. We have been expanding, and plan to continue to expand, our solution and product offerings in response to technological advancements and customer demands and to attract new customers.

The success of our expanded solution and product offerings and our ability to attract new customers depends on our research and development capabilities, our understanding of our customers' operations and our ability to meet our customers' demands in a cost-competitive and effective manner. In particular, developing new technologies and new data solutions through research and development requires considerable human resources and capital investments. However, our research and development efforts may not be successful, or the anticipated return on investment is not guaranteed. If we are unable to anticipate trends in technological development and rapidly develop new and innovative solutions and products that are required by our customers, we may not be able to maintain our competitiveness, which in turn may have a material and adverse impact on our business, financial position and results of operations.

We may fail to secure further contracts from existing customers or may fail to secure contracts from new customers

Our success requires us to maintain good relationships with our existing customers to continue to engage us or to develop new relationships with potential customers to secure new contracts. Approximately 59.4%, 68.5%, 58.9% and 86.3% of our customers for FY2016, FY2017, FY2018 and FP2019 are repeat customers (being customers or their affiliates, which had contributed to our revenue previously) and the revenue derived from our repeat customers represents 69.3%, 82.8%, 62.5% and 69.2% of our total revenue for the relevant periods, respectively. This requires our services to perform up to customer expectations and customers achieve the expected return on investment. In addition, our ability to achieve customer retention, expansion and new customer sales depends on many factors, including the level of customer satisfaction with our service quality and standard, our prices, the prices offered by our competitors, the effects of global economic conditions and reductions in customer spending levels generally. Our operations and financial results would be adversely affected if we are unable to secure new contracts from existing customers or secure contracts from new customers.

Actual or alleged failure to comply with data privacy and protection laws and regulations could damage our reputation, and any security and privacy breaches may hurt our business

During the course of our operation, our staff may have access to certain proprietary or confidential data pertaining to our customers or their businesses while our staff perform their duties to our customers. Although we generally require our customers to have desensitised the data before they provide such data to us for further processing, the data we obtain and analyse within our customers' systems may include information that is deemed as "personal information" under the PRC Cybersecurity Law as well as related data privacy and protection laws and regulations. Therefore, we are subject to various data privacy and protection laws and regulations in the PRC. To protect personal information, these laws and regulations regulate data collection, storage, use, processing, disclosure and transfer of personal information. Please refer to the section headed "Regulatory Overview — Laws and Regulations in the PRC — Laws and Regulations on Personal Information Security and Privacy Protection" in this prospectus for further disclosure. While we take different measures to ensure the confidentiality of information is safeguarded, we cannot guarantee the effectiveness of these measures. Any security breach and data leakage, including those resulting from a cybersecurity attack, unauthorised access, unauthorised usage, employee error or misconduct, virus or similar breach or disruption, may damage our reputation, or even lead to early termination of our contracts, litigation or regulatory investigations against us, or may cause us other liabilities. Moreover, if a high profile security breach occurs with respect to other data solution providers, our customers and general public may lose trust in the security of data solutions, which could adversely impact our ability to retain existing customers or attract new customers.

Meanwhile, the interpretation and application of personal information protection laws, regulations and standards are still uncertain and evolving. We cannot assure you that the relevant governmental authorities will not interpret or implement the laws or regulations in the way that negatively affects us. In addition, it is possible that we may become subject to additional or new laws and regulations regarding the protection of personal information or privacy-related matters in connection with the data we have access to as well as the solutions and products we provide to customers. Any failure or perceived failure to comply with all applicable data privacy and protection laws and regulations, may result in negative publicity and legal proceedings or regulatory actions against us, and could damage our reputation, discourage current and potential customers from using our solutions and products, or even subject us to fines and damages, which could have a material adverse effect on our business and results of operations.

Our solutions and products may experience quality issues that could have a materially adverse effect on our reputation and customer relationships, which may in turn have a negative impact on our revenue and profitability

Our solutions use complex software and may have coding defects or errors that may impair our customers' ability to use our solutions and products. The models and algorithms that we used for our data solutions may also contain design or performance defects that are not detectable even after extensive internal testing. In addition, we have self-developed software products that are designed to be used within our customers' systems. Any bugs, defects or errors in our self-developed software products may cause damage to our customers' system and hardware, and adversely affect our customers' operations or the performance of such software. Similarly, the hardware and software that we sourced from third party suppliers and resell to our customers may include design or manufacturing defects that could cause malfunctions. We cannot assure you that we would be able to detect and resolve all such defects and issues through our quality control measures.

We typically provide a warranty period which ranges from 6 months to one year for our data solutions. For sales of hardware and software and related services as an integrated service, we offer a warranty period ranging from 1 to 5 years. Our customers may discover latent defects in our solutions and products that were not apparent at the time of the sales of our products or the implementation of our solutions. Such defects may be discovered before or after the warranty period has expired. If our solutions or products fail to perform as warranted and we are unable to resolve the performance issues in a timely manner, our relationships with our customers may be damaged. Any defects in our products or underperformance of our solutions could cause the loss of customers or revenues, delays in revenue recognition, increased levels of product returns or replacements, damage to our market reputation and significant increases in warranty claims and other expenses, all of which could result in a material decrease in our profitability.

We normally enter into fixed-price contracts in respect of our data solutions, and our failure to accurately estimate the resources and time required for these contracts could materially affect our profitability

In delivering our data solutions to our clients, we normally entered into fixed-price contracts with our customers, which requires us to undertake projections and planning related to manpower required, purchases of necessary hardware and software, and other costs in performing the contracts. We bear the risk of cost overruns and completion delays in connection with these contracts. In particular, we may be unable to recover any cost overruns with our customer by amending the relevant contracts to respond to the changing circumstances.

There may be various factors affecting the actual time taken and cost incurred by us in completing the contracts, including, among others, delay in supply of hardware and software products by third party suppliers, technical difficulties, lacks of manpower and other unforeseeable problems and circumstances. Delay in completion or cost overruns could be caused by any one of these factors, which may result in lower profits or losses in a contract. In addition, we may be unable to pass on any increase in costs to our customers if we experience an unexpected cost increase, such as an increase in the prices of software and hardware components, during the period from signing of a contract to placing purchase orders to our suppliers for the relevant software and hardware products.

These unforeseen factors which we are exposed to may hinder the smooth implementation of these solutions within the fixed budget and time frame, which would cause cost overruns and penalties. During the Track Record Period, we did not encounter any of contracts delays or cost overruns that had a material adverse effect on our financial condition or results of operations. However, we cannot assure you that we will be able to accurately estimate the resources and time required for completing our contracts in the future, and failure to do so may materially and adversely affect our financial performance and results of operation.

Failure to collect our trade receivables in a timely manner may affect our financial condition and results of operations

We may not be able to collect our trade receivables in a timely manner and some of our customers may delay payments due to reasons beyond our control. We cannot assure you that our customers will settle our invoices on time and in full. We generally grant a credit period of up to 60 days to our customers. For FY2016, FY2017, FY2018 and FP2019, our average trade receivables turnover days were approximately 47.1 days, 51.1 days, 34.9 days and 67.9 days, respectively.

As at 31 December 2016, 2017 and 2018 and 31 May 2019, trade receivables of approximately RMB4.5 million, RMB3.1 million, RMB7.2 million and RMB15.6 million, respectively, were past due. Delayed payments from customers may put our cash flow and working capital under pressure. As our business will grow in the future, our trade receivables may also continue to grow, which may increase our risks for uncollectible receivables. We cannot assure you that payments from customers will be made in a timely manner or that delays in payments will not affect our financial condition and results of operations.

We may not be able to bill and receive the full amount of contract assets

There is normally a timing difference between the completion of contract work, the subsequent issue of invoice and payment. We recorded contract assets of approximately RMB21.9 million, RMB17.0 million and RMB44.1 million and RMB43.4 million as at 31 December 2016, 2017 and 2018 and 31 May 2019, respectively. All of the contract assets as at 31 May 2019 had been subsequently reclassified as trade receivables as at 11 October 2019. Please refer to the section headed "Financial Information — Description of Selected Consolidated Statement of Financial Position Items — Contract Assets" in this prospectus for further details.

We cannot assure you that we will be able to bill and receive the full amount of contract assets for contract works as we may not be able to reach an agreement with our customers on the value of our work done. If we are not able to do so, our results of operation, liquidity and financial position may be adversely affected.

We face intensive competition in the markets in which we operate and may not be able to compete successfully against our existing and future competitors

According to the F&S report, the PRC data solution market is highly fragmented and the top five market players had an aggregate market share of only approximately 9.5%, in term of revenue contributed through provision of data solutions in 2018. With a significant number of data solution providers in the market, we face competition in various aspects of our business and we expect such competition to continue growing in the future. Great potential in the market of data solutions may attract large competitors with considerable resources to enter as new comers.

Many of our competitors have longer operating histories and experience, larger customer bases, greater brand recognition, and greater financial, technical, marketing, and other resources than we do. As a result, such competitors may be able to develop and deliver services and products better received by customers or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or customers' needs. In addition, some of our competitors may adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our services and products at lower prices to remain competitive, which may have a material adverse impact on our results of operations and financial condition. If we are unable to compete successfully against our current or potential competitors, our business, results of operations, and financial condition may be negatively impacted.

We may not be able to successfully implement our strategies and expansion plan, or achieve our business objectives

We intend to expand our existing business in accordance with the business strategies and expansion plan as set out in this prospectus. In particular, we plan to expand our data solution offerings, enter into new market sectors and selectively pursue strategic acquisition opportunities. Please refer to the section headed "Business — Our Business Strategies" for further disclosure on our strategies.

We cannot assure you that we will successfully implement our strategies and expansion plan, or achieve our business objectives. Even if we are able to successfully implement our expansion plans, we cannot assure you that we will achieve our expected returns on such acquisitions or investments. Moreover, our expansion plans may expose us to new operational, regulatory, market and geographic risks and challenges, including:

- difficulties to recruit additional employees with the necessary skills and knowledge to achieve our planned expansion;
- significant capital expenditures incurred by us, which may or may not be recoverable;
- diversion of our resources and management's attention from other business concerns;
- uncertainty of entry into markets in which we have limited or no experience and in which competitors have stronger market positions;
- difficulties in integrating the operations, policies and personnel of the acquired companies;
- unsatisfactory performance of the businesses we acquire; and
- responsibility for the liabilities associated with the businesses we acquire, including those which we may not have anticipated.

Our failure to address these uncertainties and risks may have a material adverse effect on our liquidity, financial condition and results of operations. Our business, operating results and financial positions may be materially and adversely affected if our business objectives are not achieved.

If we lose the service of any key executive officers or fail to maintain sufficient number of skilled and experienced technical staff, our business operations may be materially impeded and our financial results may be adversely affected

Our success is attributed to the leadership and contributions of our Directors and senior management, who are collectively responsible for the overall corporate development and business strategies of us, as well as implementing business plans and driving the growth of us. Our performance depends, to a significant extent, on the continued services and performance of our key executives and personnel who have a comprehensive understanding of our customers' requirements and the technical knowhow. In particular, Mr. Song, Mr. Wu, Mr. Lam Chun Hung Stanley and Ms. Wang, our executive Directors, play an important role in our overall operation, management and formulation of business strategies. Please refer to the section headed "Directors and Senior Management — Board of Directors — Executive Directors" for further disclosure on the biographic details of our executive Directors. Failure to recruit or retain key executives and personnel, or the loss of services of any of such personnel, could have an adverse effect on our business.

Our success also depends, to a significant extent, on our ability to attract, train and retain technical staff with skills and knowledge in our industry. As the number of such eligible staff is fairly limited in the market, especially those with experience in data solutions, we cannot assure you that we will be able to continuously attract and retain competent and experienced technical staff. If there is a more intense competition for personnel with the skills and technical knowledge that we require, significant staff turnover may be resulted. To the extent we experience unusual levels of turnover within our technical staff or lose particularly valuable contributors, it may cause shortfall in our workforce, limit our ability to grow revenues, and may harm our technical staff productivity, which could lead to revenue declines. In addition, new hires may require significant training and time before they achieve full productivity. We cannot guarantee that the newly hired personnel will become productive as quickly as we expect. If we fail to attract, train and retain skilled and experienced technical staff, to keep pace with our expected growth, our competitiveness, business, financial condition and results of operations may be materially and adversely affected.

We are exposed to service or product liability risk and we do not carry product and service liability insurance for any of our products and/or services

We are exposed to the risk of service or product liability claims in the event that the use of our services or products results in safety issues or damages. We do not carry product and service liability insurance for any of our products and/or services. If financial damages are caused by technical problems such as the malfunction of our data solutions, we are subject to the service or product liability claims and litigations, negative publicity, claims for indemnity by our customers and other claims for compensation. A successful claim against us in respect of our services or request for rectification of our data solutions may result in (i) legal costs incurred in connection with such claim or other adverse allegations or rectifying such defects; (ii) deterioration of our brand and corporate image; and (iii) material adverse effect on our sales, operating results and financial conditions. Any payment we make to cover any losses, damages or liabilities could have a material adverse effect on our business, results of operations and financial conditions.

We depend on the availability and proper functioning of certain third party hardware and software that we incorporate into our solutions and products. Should there be any disruption in their supply, or the hardware and software 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 components necessary for our business operation. For FY2016, FY2017, FY2018 and FP2019, purchases from our five largest suppliers accounted for 82.4%, 85.6%, 40.9% and 64.9% of the total purchases, and the purchases from the largest supplier accounted for approximately 32.6%, 45.2%, 10.6% and

25.4% of our total purchases for the same periods, respectively. We do not generally carry significant inventories of, and might not have guaranteed supply for, these components. If any of our suppliers were to cease, suspend or limit production or shipment of these hardware and software to us, or adversely modify supply terms or pricing, our ability to successfully implement solutions or provide our services may be materially impaired. We cannot assure you that we will be able to obtain these hardware and software or acceptable substitutes from alternative suppliers on commercially reasonable terms or at all.

Moreover, third party hardware or software may also include design or manufacturing defects or errors that could adversely affect the performance of our solutions and services. As a result, we may be responsible for additional warranty costs to replace or repair such hardware or software. We also cannot assume 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 significantly reduce our sales.

Our operations and financial results may be adversely affected by any delay or defects in the works which are outsourced to subcontractors

We from time to time outsource certain works to third party subcontractors in our provision of data solutions, as well as IT maintenance and support services. Our subcontracting fee paid for FY2016, FY2017, FY2018 and FP2019 was RMB19.1 million, RMB7.8 million, RMB37.0 million and RMB16.6 million, accounting for 14.5%, 8.4%, 30.2% and 42.3% of our total cost of sales for the same periods, respectively. Please refer to the section headed "Business — Our Suppliers — Subcontracting" in this prospectus for further disclosure on subcontractors. If our subcontractors fail to meet our requirements, the quality of our solutions and services may be adversely affected, thereby damaging our business reputation, hindering our opportunity to secure future contracts, and potentially exposing us to litigation and damages claims from our customers. In addition, if our subcontractors increase their prices, terminate their services or agreements or discontinue their relationships with us, we could suffer service interruptions, reduced revenues or increased costs, any of which may have a material adverse effect on our business, financial condition and results of operations.

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

We regard our trademarks, service marks, patents, domain names, trade secrets, proprietary technologies, know-how and similar intellectual property as critical to our success, and we rely on trademark and patent law, copyright protection and confidentiality agreements with our employees to protect our intellectual property rights. As at the Latest Practicable Date, within the PRC, we have ten patent applications and own fifty-four software copyrights, relating to various aspects of our business. In addition, we have five trademark registrations in the PRC and two trademark registrations in Hong Kong, and have applied for the registration of eleven trademarks in the PRC. We have also registered two domain names, i.e. datamargin.com and itsxd.com. We cannot assure you that any of our pending patent, trademark, software copyrights or other intellectual property applications will be registered. Any intellectual property rights we have obtained or may obtain in the future may not be sufficient to provide us with a competitive advantage, and could be challenged, invalidated, circumvented, infringed or misappropriated. If some of these technologies are later proved to be important to our business and are used by third parties without our authorisation, especially for commercial purposes, our business and competitive position may be harmed.

Monitoring for infringement or other unauthorised use of our intellectual property rights is difficult and costly. And we cannot be certain that we can effectively prevent such infringement or unauthorised use of our intellectual property. From time to time, we may need to resort to litigation or other proceedings to enforce our intellectual property rights, which could result in substantial cost and diversion of resources. Our efforts to enforce or protect our intellectual property rights may be ineffective and could result in the invalidation or narrowing of the scope of our intellectual property or expose us to counterclaims from third parties, any of which may adversely affect our business and operating results.

In addition, it is often difficult to create and enforce intellectual property rights in the PRC. Even where adequate, it may not be possible to obtain swift and equitable enforcement of such laws, or to enforce court judgments or arbitration awards delivered in another jurisdiction. Accordingly, we may not be able to effectively protect our intellectual property rights in such countries. Additional uncertainty may result from changes to intellectual property laws enacted in the jurisdictions in which we operate, and from interpretations of intellectual property laws by applicable courts and government bodies.

Our confidentiality agreements with our employees may not effectively prevent unauthorised use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of such unauthorised use or disclosure. Trade secrets and know-how are difficult to protect, and our trade secrets may be disclosed, become known or be independently discovered by others. Despite our efforts to protect our proprietary rights, unauthorised parties may attempt to copy aspects of our solution and service features, software and functionality or obtain and use information that we consider confidential and proprietary. If we are not able to adequately protect our trade secrets, know-how, technology, intellectual property rights and other confidential information, our business and operating results may be adversely affected.

We may be subject to intellectual property infringement claims or other allegations, which could result in our payment of substantial damages, penalties and fines

Third parties may own technology patents, copyrights, trademarks, trade secrets and internet content, which they may use to assert claims against us. Our internal procedures and licencing practices may not be effective in completely preventing the unauthorised use of copyrighted materials or the infringement of other rights of third parties by us or our users. We registered a software copyright in July 2018 and later discovered that the relevant word had been registered as a trademark by a third party in April 2011. We may be subject to trademark infringement claim due to our use of such word in the name of our software product. Please refer to section headed "Business — Intellectual Property Rights" for further disclosure. The validity, enforceability and scope of protection of intellectual property rights in IT related industries, particularly in the PRC, is uncertain and still evolving. Although we have not been subject to claims or lawsuits in respect of intellectual property rights infringement, we cannot assure you that we will not become subject to any infringement claims in the future. If a claim of infringement brought against us is successful, we may be required to pay substantial penalties or other damages and fines, enter into licence agreements which may not be available on commercially reasonable terms or at all or be subject to injunctions or court orders. Even if allegations or claims lack merit, defending against them could be both costly and time consuming and could significantly divert the efforts and resources of our management and other personnel.

Competitors and other third parties may claim that our officers or employees have infringed, misappropriated or otherwise violated their software, confidential information, trade secrets or other proprietary technology in the course of their employment with us. If a claim of infringement, misappropriation or violation is brought against us or one of our officers or employees, we may suffer reputational harm and may be required to pay substantial damages, or be subject to injunctions or court orders, any of which could adversely affect our business, financial condition and results of operations.

There is a seasonal fluctuation in our revenue and results of operations and hence our results for any period in a year are not necessarily indicative of the full year result

We have experienced, and expect to continue to experience, seasonal fluctuations in our revenues and results of operations. We have historically generated lower revenue in the first two quarters than that in the last two quarters. Our Directors believe that the seasonal fluctuation is mainly attributable to the procurement procedures of our customers, especially banks and financial institutions, which mostly began in the first two quarters of each year. In light of such seasonal patterns of our business, our revenue and results of operations are likely to continue to fluctuate due to seasonality, therefore our results for any period in a year are not necessarily indicative of the full year result.

We have recorded negative operating cash flows for the five months ended 31 May 2018 and 2019

We recorded net cash used in operating activities of RMB26.3 million and RMB29.1 million for FP2018 and FP2019, respectively. Please refer to the section headed "Financial Information — Liquidity and Capital Resources — Cash Flow — Net cash (used in)/generated from operating activities" in this prospectus for further disclosure. Negative net operating cash flow requires us to obtain sufficient external financing to meet our financial needs and obligations. If we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient funds to finance our business in the future, our liquidity and financial condition will be materially and adversely affected. We cannot assure you that we will not experience negative net operating cash flow in the future.

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 risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations, and seek to continue to improve these systems. Please refer to the section headed "Business — Risk Management and Internal Control" for further disclosure. 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 the effective implementation by our employees. However, we cannot assure you that such implementation will not be subject to 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 solutions, products and services in the future, the diversification of our offerings will require us to continue to enhance our risk management and internal control capabilities. If we fail to timely adapt our risk management and internal control policies and procedures to our changing business, our business, results of operations and financial condition could be materially and adversely affected.

If any system failure, interruption or downtime occurs, our business, financial condition and results of operations may be materially and adversely affected

Although we seek to reduce the possibility of disruptions and other outages, our business may be disrupted by problems with our own system, such as malfunctions in our systems or other facilities or network overload. Our systems may be vulnerable to damage or interruption caused by telecommunication failures, power loss, human error, computer attacks or viruses, earthquakes, floods, fires, terrorist attacks and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, and to adverse events caused by operator error. Moreover, our system may not be fully redundant or backed up, and our disaster recovery planning may not be sufficient for all eventualities. Despite any precautions we may take, the occurrence of natural disasters or other unanticipated problems at our hosting facilities could result in interruptions in our business operation. Any interruption in our business operation could damage our reputation, reduce our future revenues and harm our future profits.

Failure to obtain government grants and subsidies, or the discontinuation, reduction or delay of them could materially and adversely affect our business, financial condition and results of operations

During the Track Record Period, we received various government grants and subsidies from local government authorities in the PRC, which consisted of (i) non-recurring unconditional government subsidies mainly in support of our technological advancements in information technology as well as our then listing status on the NEEQ; and (ii) non-recurring VAT refunds, representing the aggregate amount of VAT payable in excess of 3% of our self-developed software sold. Such government grants and subsidies amounted to RMB0.4 million, RMB1.9 million, RMB3.5 million and RMB1.8 million for FY2016, FY2017, FY2018 and FP2019, respectively. They are non-recurring in nature and subject to government review and approval. There is no certainty as to whether we may continue to receive such government grants and subsidies. The discontinuation, reduction or delay of these governmental grants and subsidies could adversely affect our financial condition and results of operations.

We cannot assure you that our status as a National High and New Technology Enterprise will be renewed or our enjoyment of the preferential EIT rate attached to such status will be continued

Suoxinda Shenzhen and Suoxinda Beijing, our operating subsidiaries, were recognised as a "National High and New Technology Enterprise" in 2011 and 2018, respectively. Pursuant to the EIT Law which became effective on 1 January 2008 and was subsequently amended on 24 February 2017 and 29 December 2018, with the status as a National High and New Technology Enterprise, Suoxinda Shenzhen and Suoxinda Beijing were entitled to enjoy the preferential EIT rate of 15% since 2011 and 2018, respectively. We cannot assure you that our status as a National High and New Technology Enterprise can always be retained or renewed, nor can we guarantee that we will always be able to enjoy the preferential EIT rate attached to such status. Loss of our status and/or our enjoyment of the preferential EIT rate may materially and adversely affect our operations and financial results.

We may fail to realise returns from our investments with respect to wealth management products

During the Track Record Period, we invested in wealth management products from a PRC licensed private investment fund manager, an Independent Third Party, and PRC licensed banks. These wealth management products had no guaranteed returns and might not necessarily have protection over the principal amounts. Such investments were measured at fair value through profit or loss.

As at 31 December 2016, 2017 and 2018, and 31 May 2019, the balance of such wealth management products was RMB5.2 million, RMB20.0 million, nil and nil, respectively, and we recorded a gain on such financial assets of RMB0.1 million, RMB0.8 million, RMB2.2 million and nil for FY2016, FY2017, FY2018 and FP2019, respectively. In the future, we may continue to invest in the wealth management products in accordance with our treasury policy. Please refer to the section headed "Financial Information — Description of Selected Consolidated Statement of Financial Position Items — Financial Assets at Fair Value through Profit or Loss" for further disclosure on our treasury policy. Any material and adverse changes in the financial market may affect our returns on these financial assets. Our exposure to counterparty risk (where a counterparty in a transaction with respect to the wealth management products defaults) may also adversely affect the value of such financial assets as well as our returns. As a result, if we invest in such wealth management products in the future, we may fail to realise returns from our investments with respect to these wealth management products, and our results of operations and financial condition may be adversely affected.

Our results of operations and financial condition may be adversely affected by our financial assets at fair value through profit or loss due to the uncertainty of accounting estimates in the fair value measurement with the use of significant unobservable input

During the Track Record Period, we invested in financial instruments, which mainly included wealth management products and an investment in an unlisted company. As at 31 December 2016, 2017 and 2018 and 31 May 2019, our financial assets at fair value through profit or loss amounted to RMB5.2 million, RMB20.0 million, nil and nil, respectively.

Our Group's financial assets are measured at fair value with significant unobservable inputs used in the valuation techniques and the changes in their fair value are recorded as other gains/(losses), net in our consolidated statements of profit or loss, and therefore directly affects our profit for the year and our results of operations.

We recognised a fair value gains on short-term investments and equity investments of RMB0.1 million, RMB0.8 million, RMB2.2 million, RMB0.8 million and RMB14,000 for FY2016, FY2017, FY2018, FP2018 and FP2019, respectively. We cannot assure you that we will continue to incur such fair value gains in the future. If we incur fair value losses, our results of operations and financial condition may be adversely affected.

Our historical non-compliance in relation to inadequate contributions to social insurance fund and the engagement of human resources service agencies to make social insurance contributions and housing provident fund contributions for some of our employees may lead to imposition of penalties or other liabilities

During the Track Record Period, our PRC subsidiaries, Suoxinda Shenzhen and Suoxinda Beijing, did not make full social insurance contributions for certain our employees. Our PRC Legal Advisers have advised that the relevant PRC authorities may impose a rectification order on us and we may have to pay a daily late fee at the rate of 0.05% of the outstanding amount from the due date. Further, if we fail to settle such payment in full amount within the prescribed time limit, we may have to pay a fine amounting to one to three times of the outstanding payment. We cannot assure you that the relevant local government authorities will not require us to pay the outstanding social insurance contributions within a prescribed time limit or impose penalties on us, which may affect our business, operating results and financial condition.

In addition, Suoxinda Shenzhen engaged human resources service agencies to make social insurance contributions and housing provident fund contributions for some of our employees. As advised by our PRC Legal Advisers, if an employer fails to open housing provident fund accounts for its employees in accordance with the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), the relevant regulator may order the employer to rectify it within the prescribed time limit, failing which a fine between RMB10,000 and RMB50,000 may be imposed by the relevant regulator. Our PRC Legal Advisers have advised that the relevant PRC regulator may order us to pay housing provident fund contributions within the prescribed time limit, and the relevant regulator may apply to the People's Court for compulsory enforcement if we fail to comply with the order. We cannot assure you that the relevant local regulator will not require us to pay social insurance contributions and housing provident fund contributions directly within a prescribed time or impose penalties on us, which may affect our business, operating results and financial condition. Please refer to the section headed "Business — Legal Proceedings and Compliance — Non-compliance" in this prospectus for further disclosure about the non-compliance incidents.

Legal defects regarding some of our leased properties may adversely affect our business, operating results and financial condition

As at the Latest Practicable Date, two of our leased properties had not been registered with the competent PRC government authorities as required by the applicable PRC laws and regulations. Our PRC Legal Advisers have advised us that the lack of registration of the lease agreements will not affect the validity of the lease agreements under the PRC laws, but we may be subject to a maximum penalty of RMB10,000 for each non-registered lease if we fail to complete the lease registration after we are requested to do so by the competent PRC government authorities. Please refer to the section headed "Business — Legal Proceedings and Compliance — Non-compliance" in this prospectus for further disclosure about this non-compliance incident.

Our supply of hardware and software imported from the U.S. may be subject to high tariff rates under the trade war between the PRC and the U.S., which could adversely affect our revenue, profitability and results of operations

A recent trade war has been initiated between the U.S. and the PRC, and trade flows for certain products imported to the PRC from the U.S. were impacted. Although the trade war between the PRC and the U.S. did not directly impact our business as at the Latest Practicable Date, we cannot accurately predict whether any anti-dumping duties, tariffs or quota fees will be imposed on our supplies the future. Any trade restrictions imposed by the PRC and the U.S. on hardware and software could significantly increase our customers' purchase costs of our solutions and services. Our customers may require us to source from alternative suppliers in order to avoid cost increases resulting from any trade restrictions imposed by the PRC and the U.S.. If we cannot successfully secure from alternative supplies to fulfil the demand of such customers, our revenue, profitability and results of operations could be adversely affected.

We may be subject to additional tax liabilities, which could have adverse impacts on our financial condition

Our income tax filing positions, consolidated income tax provisions and accruals are based on interpretations of applicable tax law in various countries in which we operate, including the PRC, and Hong Kong, as well as their underlying rules and regulations with respect to transfer pricing. Significant judgment and the use of estimates are required in determining our provisions for income taxes. During the Track Record Period, Sourcing Development, our subsidiary in Hong Kong have certain transactions with Suoxinda Shenzhen, our PRC subsidiary. We have engaged an independent tax consultant to conduct an analysis of the above related party transactions. Based on such analysis, no income tax provision for Suoxinda Shenzhen or Sourcing Development was required to be made in relation to these transactions and thus there is no potential tax exposure on our Group with respect to these transactions. However, the final determination of the relevant tax authorities could be different and we may face adverse tax consequences if any of the relevant tax authorities determine that our related party transactions constitute unfavourable transfer pricing arrangements. This could have a material effect on our financial statements in the period or periods for which that determination is made. Please refer to the sections headed "Regulatory Overview — Laws and Regulations in the PRC — Laws relating to Transfer Pricing", "Regulatory Overview — Laws and Regulations in Hong Kong — Laws relating to Transfer Pricing", and "Financial Information — Description of Major Components of our Results of Operations — Income Tax Expenses — Transfer pricing" in this prospectus for further disclosure.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in PRC economic, political and social conditions as well as government policies, could have a material adverse effect on our results of operations and prospects

The significant majority of our business operations, our customers and suppliers are located in the PRC. Accordingly, our business, financial condition, results of operations and prospects are, to a significant degree, subject to economic, political and social conditions in the PRC. The PRC government plays a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over the national economic development through the allocation of resources, controlling payments of foreign currency-denominated obligations, setting monetary policies and providing preferential treatment to particular industries or companies.

Although the overall growth of the PRC economy is significant over the past decade, it has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures or reforms may have a positive effect on the overall and long-term market development, but some may have a negative effect on us. For instance, our results of operations may be adversely affected by changes in tax regulations that are applicable to us. In addition, the PRC government has expressed in recent years its concerns relating to the rapid growth in bank credit, fixed investments, and money supply. Any tightening of the monetary policies in the PRC would create an impact to us, and we cannot assure you whether the impact would be positive or negative as to our business operation and financial situation. Shall there be any fluctuation or monitoring on the economic conditions to the monetary and banking sectors in the PRC, it might create a negative impact to our overall operation and financial results.

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

Pursuant to the EIT Law, which came into effect on 1 January 2008 and was amended on 24 February 2017, an enterprise established outside the PRC whose "de facto management body" is located in the PRC is considered a "PRC resident enterprise" and will generally be subject to the uniform enterprise income tax rate, or EIT rate, of 25% on its global income. Under the EIT Rules, "de facto management body" is defined as the organisational body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

SAT released the Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) ("**Circular No. 82**") on 22 April 2009 (which was amended on 29 December 2017) setting out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular No. 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily business operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. In addition, Circular No. 82 also requires that the determination of "de facto management body" shall be based on the principle that substance is more important than form. Further to Circular No. 82, the SAT issued the Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation) (境外註冊中資控股居民企業所得稅管理辦法(試行)) (the "**Bulletin 45**"), which took effect on 1 September 2011 and amended on 1 June 2015, 28 June 2016 and 15 June 2018 to provide more guidance on the implementation of Circular No. 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises." Bulletin 45 provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular No. 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular No. 82 may reflect the SAT's criteria for determining the tax residence of foreign enterprises in general. All members of our senior management are currently based in the PRC; if we are deemed a PRC resident enterprise, the EIT rate of 25% on our global taxable income may reduce capital we could otherwise divert to our business operations.

In addition, we will also be subject to PRC enterprise income tax reporting obligations. Further, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realised on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

We rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business

We are a holding company and conduct substantially all of our business through our subsidiaries incorporated in the PRC. We rely on dividends paid by these subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our Shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in the PRC is subject to limitations. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Each of our PRC subsidiaries is also required to set aside at least 10% of its after-tax profit based on PRC laws and regulations each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. Our statutory reserves are not distributable as loans, advances or cash dividends. We anticipate that in the foreseeable future our PRC subsidiaries will need to continue to set aside 10% of their respective after-tax profits to their statutory reserves. In addition, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any limitations on the ability of our PRC subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

In addition, under the EIT Law, the EIT Rules, the Notice of the State Administration of Taxation on Negotiated Reduction of Dividends and Interest Rates, or Notice 112, which was issued on 29 January 2008, the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, which became effective on 8 December 2006, and the Announcement of the State Administration of Taxation on the Determination of "Beneficial Owners" in the Tax Treaties, or Notice No. 9, which became effective on 1 April 2018, dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary may be subject to a withholding tax at a rate of 10%, or at a rate of 5% if our Hong Kong subsidiary is considered as a "beneficial owner" that is generally engaged in substantial business activities and entitled to treaty benefits under the Double Taxation Arrangement (Hong Kong). Furthermore, the ultimate tax rate will be determined by treaties between the PRC and the tax residence of the holder of the PRC subsidiary. We are actively monitoring the withholding tax and are evaluating appropriate organisational changes to minimise the corresponding tax impact.

Our ability to access credit and capital markets may be adversely affected by factors beyond our control

Interest rate increases by the PBOC, or market disruptions such as those experienced in the United States, European Union and other countries or regions, may increase our cost of borrowing or adversely affect our ability to access sources of liquidity upon which we have relied to finance our operations and satisfy our obligations as they become due. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges. We cannot assure you that the anticipated cash flow from our operations will be sufficient to meet all of our cash requirements, or that we will be able to secure external financing at competitive rates, or at all. Any such failure may adversely affect our ability to finance our operations, meet our obligations or implement our growth strategy.

SAFE regulations may limit our ability to finance our PRC subsidiaries effectively with the net proceeds from the Share Offer, which may affect the value of your investment and may make it more difficult for us to pursue growth through acquisitions

We plan to finance our equity controlled PRC subsidiaries with the net proceeds from the Share Offer through overseas shareholder loans or additional capital contributions, which require registration with or approvals from PRC government authorities. Any overseas shareholder loans to our PRC subsidiaries must be registered with the local branch of the SAFE as a procedural matter, and such loans cannot exceed the difference between the total amount of investment our PRC subsidiaries are approved to make under the relevant PRC laws and their respective registered capital. In addition, the amounts of the capital contributions are subject to the approvals of or filing with the MOFCOM or its local counterpart. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to making future loans or capital contributions to our PRC subsidiaries with the net proceeds from the Share Offer. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Fluctuation in the value of the Renminbi may have a material adverse effect on our business

We conduct substantially all our business in Renminbi. However, following the Share Offer, we may also maintain a significant portion of the proceeds from the Share Offer in Hong Kong dollars before they are used in our PRC operations. The value of the Renminbi against the US$, Hong Kong dollar and other currencies may be affected by changes in the PRC's policies and international economic and political developments. As a result, the exchange rate may be volatile. Fluctuations in exchange rates may adversely affect the value, translated or converted into US$ or Hong Kong dollars (which are pegged to the US$), of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the Renminbi against the US$ or the Hong Kong dollar would make any new Renminbi denominated investments or expenditures more costly to us, to the extent that we need to convert US$ or Hong Kong dollars into Renminbi for such purposes.

Governmental control of currency conversion may limit our ability to use capital effectively

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Please refer to the subsection headed "Regulatory Overview — Laws and Regulations in the PRC — Laws and Regulations over Foreign Exchange" in this prospectus for further disclosure. We receive substantially all our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of indebtedness denominated in foreign currencies. The restrictions on foreign exchange transactions under capital accounts could also affect our subsidiaries' ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us.

Uncertainties with respect to the PRC legal system could limit the legal protection available to you

The legal system in the PRC has inherent uncertainties that could limit the legal protection available to our Shareholders. As we conduct substantially all of our business operations in the PRC, we are principally governed by PRC laws, rules and regulations. The PRC legal system is based on the civil law system. Unlike the common law system, the civil law system is established on the written statutes and their interpretation by the Supreme People's Court (最高人民法院), while prior legal decisions and judgements have limited significance as precedent. The PRC government has been developing a commercial law system, and has made significant progress in promulgating laws and regulations related to economic affairs and matters, such as corporate organisation and governance, foreign investments, commerce, taxation and trade.

However, many of these laws and regulations are relatively new. There may be a limited volume of published decisions regarding their interpretation and implementation, or the relevant local administrative rules and guidance on implementation and interpretation have not been put into place. Thus, there are uncertainties involved in their enactment timetable, which may not be as consistent and predictable as in other jurisdictions. For example, on 20 July 2018, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council released the Reform Plan on the National and Local Taxation Collection and Management System (國稅地稅徵管體制改革方案) (the "**Reform Plan**"), which stipulated that tax authorities will collect social insurance contributions. While this may result in a stricter regime for the collection of social insurance funds, at the executive meeting held on 6 September 2018, the State Council proclaimed that it would make efforts to lower the payable amounts of social insurance funds so as to alleviate, as a general matter, the resulting financial burdens on corporations. In addition, the PRC legal system is based in part on government policies and administrative rules that may have retroactive effect. Consequently, we may not be aware of any violation of these policies and rules until some time after such violation has occurred. Furthermore, the legal protection available to you under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

It may be difficult to effect service of process on our management or to enforce against us or them in the PRC any judgments obtained from non-PRC courts

Most of our executive Directors and executive officers reside in the PRC, and substantially all of their assets and the assets of us are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions may be difficult or even impossible.

Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC government, including restrictions on the ability of our PRC subsidiaries to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiaries

The SAFE promulgated Circular No. 37 in July 2014, which abolished and superseded the Circular on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round Trip Investment via Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知). Pursuant to Circular No. 37 and its implementation rules, PRC residents, including PRC institutions and individuals, must register with local branches of the SAFE in connection with their direct or indirect offshore investments in an overseas special purpose vehicle, or SPV, directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests or any inbound investment through SPVs. Such PRC residents are also required to amend their registrations with the SAFE when there is change to the required information of the registered SPV, such as changes to its PRC resident individual shareholder, name, operation period or other basic information, or the PRC individual resident's increase or decrease in its capital contribution in the SPV, or any share transfer or exchange, merger or division of the SPV. In accordance with the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of 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), the foreign exchange registration aforesaid has been directly reviewed and handled by banks since 1 June 2015, and the SAFE and its branches perform indirect regulation over such foreign exchange registration through local banks. Under this regulation, failure to comply with the registration procedures set forth in Circular No. 37 may result in restrictions being imposed on the foreign exchange activities of our PRC subsidiaries, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and its settlement of foreign exchange capital, and may also subject the relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

We are committed to complying with and ensuring that our Shareholders who are subject to the regulations will comply with the relevant rules. Any future failure by any of our Shareholders who is a PRC resident, or controlled by a PRC resident, to comply with relevant requirements under this regulation could subject us to penalties or sanctions imposed by the PRC government. However, we may not at all times be fully aware or informed of the identities of all of our Shareholders who are PRC residents, and we may not always be able to timely compel our Shareholders to comply with the requirements of Circular No. 37. Moreover, there is no assurance that the PRC government will not have a different interpretation of the requirements of Circular No. 37 in the future.

PRC laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it difficult for us to pursue growth through acquisitions in the PRC

A number of PRC laws and regulations, including the M&A Rules, the Anti-Monopoly Law (反壟斷法), and the Rules of MOFCOM on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定) promulgated by MOFCOM on 25 August 2011 and effective from 1 September 2011 (the "**Security Review Rules**"), have established procedures and requirements that are expected to make the review of certain merger and acquisition activities by foreign investors in the PRC more time consuming and complex. These include requirements in some instances to notify MOFCOM in advance of any transaction in which foreign investors take control of a PRC domestic enterprise, or to obtain approval from MOFCOM before overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control or security review.

The Security Review Rules prohibits foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. If we are found to be in violation of the Security Review Rules and other PRC laws and regulations with respect to merger and acquisition activities in the PRC, or fail to obtain any of the required approvals, the relevant regulatory authorities would have broad discretion in dealing with such violations, including levying fines, revoking business and operating licenses, confiscating our income and requiring us to restructure or unwind our restructuring activities. Any of these actions could cause significant disruption to our business operations and may materially and adversely affect our business, financial position and results of operations. Furthermore, if the business of any target company we plan to acquire falls into the ambit of security review, we may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or any contractual arrangement. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the relevant regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, thus affecting our ability to expand our business or maintain our market share.

Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics, and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought or epidemics. Our business, financial position and results of operations may be materially and adversely affected if natural disasters or other such events occur.

For instance, a serious earthquake and its successive aftershocks hit Sichuan Province in May 2008, resulting in tremendous loss of life and injury, as well as destruction of assets in the region. In 2003, the PRC reported several cases of SARS. Since its outbreak in 2004, there have been reports on occurrences of avian flu in various parts of the PRC, including several confirmed human cases and deaths. Any future outbreak of SARS, avian flu or other similar adverse epidemics may, among other things, significantly disrupt our business. An outbreak of infectious disease may also severely restrict the level of economic activity in affected areas, which in turn may have a material and adverse effect on our business, financial position and results of operations.

RISKS RELATING TO THE SHARE OFFER

Purchasers of our Shares in the Share Offer will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

The Offer Price of our Shares is higher than the consolidated net tangible assets per Share immediately prior to the Share Offer. Therefore, purchasers of our Shares in the Share Offer will experience an immediate dilution in unaudited pro forma adjusted consolidated net tangible assets of HK$0.56 per Share, based on the maximum Offer Price of HK$1.80 per Offer Share.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of our Shares may experience dilution in the net tangible assets book value per Share of their investments in the Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share prior to the issuance of such additional Shares.

There has been no prior public market for our Offer Shares and their liquidity and market price may be volatile

Prior to the Share Offer, there has been no public market for the Shares. The initial Offer Price range for the Offer Shares as disclosed in this prospectus was the result of negotiations between the Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for the Shares following the Share Offer.

While the Company has applied for the listing of, and permission to deal in, the Shares on the Stock Exchange, there is no guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, will be sustained following the Share Offer or that the market price of the Shares will not decline following the Share Offer. We cannot assure you that these developments will not occur in the future.

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

The price and trading volume of our Shares may be volatile as a result of the following factors, as well as others, which are discussed in this section or elsewhere in this prospectus, some of which are beyond our control:

- actual or anticipated fluctuations in our results of operations (including variations arising from foreign exchange rate fluctuations);
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- changes in general economic conditions or other developments affecting us or our industry;
- price movements on international stock markets, the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us, our Controlling Shareholders or other Shareholders.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Shares.

Future sales, or perceived sales, of substantial amounts of our Shares in the public market could have a material adverse impact on the prevailing market price of our Shares

Any issuance of new Shares, any future sales of significant number of our Shares, by our existing Shareholders in the public market, or any possibility that such issuances or sale may occur, could also contribute to declines of the market price of our Shares and significantly impair our ability to raise equity capital through offerings of our Shares in the future.

In addition, the Shares held by our Controlling Shareholder are subject to a lock-up period after completion of the Share Offer. Please refer to the section headed "Underwriting — Underwriting Arrangements and Expenses — Public Offer — Public Offer Underwriting Agreement" in this prospectus for further disclosure. While we are not aware of any intentions of our Controlling Shareholder to dispose of significant number of our Shares after the completion of the lock-up periods, we are not in a position to give any assurances that they will not dispose of their Shares they may own. Future sale of substantial number of our Shares by our Controlling Shareholder following the completion of the relevant lock-up period could materially and adversely affect the prevailing market price of our Shares.

The price of our Shares may fall before trading begins due to the time lag between pricing and trading of the Offer Shares

The Offer Price will be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until the Listing Date. Investors may not be able to sell or otherwise deal in our Shares during the period between the Price Determination Date and the Listing Date. Accordingly, holders of our Shares bear the risk that the prices of our Shares could fall when trading commences due to adverse market conditions or other adverse developments which may occur between the Price Determination Date and the Listing Date.

Our Controlling Shareholders have substantial control over the Company and their interests may not be aligned with the interests of the other Shareholders

Prior to and immediately following the completion of the Share Offer, our Controlling Shareholders will continue to have substantial control over its interests in the issued share capital of our Company. Subject to the Articles of Association and the Companies Law and the Listing Rules, the Controlling Shareholders by virtue of their controlling beneficial ownership of the share capital of the Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of our Controlling Shareholders may differ from the interests of other Shareholders and they are free to exercise their votes according to their interests. To the extent that the interests of our Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be at a disadvantage and harmed.

We cannot assure you as to whether and when we will pay dividends in the future

Suoxinda Shenzhen, our subsidiary previously listed on the NEEQ, paid dividends of RMB5.0 million and RMB35.1 million in 2017 and 2018, respectively, all of which were settled in 2017 and 2018 through NEEQ's clearing and settlement system. In addition, Suoxinda Shenzhen has allotted and issued 22,084,833 shares by way of a bonus issue of 6.5 shares for every 10 shares held by the then shareholders of Suoxinda Shenzhen in October 2018. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future. Our Group currently does not have a fixed dividend policy, and does not have a pre-determined dividend payout ratio. We cannot assure you as to whether and when we will pay dividends in the future. Any future declarations of dividends will be proposed by our Board, which will be subject to approval of our Shareholders at a general meeting. The amount of any dividend will depend on various factors such as our results of operations, financial condition and future business prospects. Please refer to the section headed "Financial Information — Dividend and Dividend Policy" in this prospectus for further disclosure.

Our Shareholders may not have the same protection of their shareholder rights under Cayman Islands law comparing to what they would have under Hong Kong law

Our corporate affairs are governed by our Memorandum of Association and Articles of Association, the Companies Law, and the common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, the rights of minority Shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent of other jurisdictions.

You should rely on this prospectus and should not place any reliance on any information contained in press articles or other media regarding us and the Share Offer

Before the publication of this prospectus, there may be press and media coverage which contains certain information regarding the Share Offer and us that is not set out in this prospectus. We have not authorised the disclosure of such information in any press or media. 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 appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it and do not accept any responsibility for such press or media coverage or the accuracy or completeness of such information. Accordingly, you should not rely on any such information.

Forward-looking information may prove inaccurate

This prospectus contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this prospectus, the words "anticipate," "believe," "estimate," "expect," "plans," "prospects," "going forward," "intend" and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialise, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this prospectus. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.

This prospectus, particularly the sections headed "Business" and "Industry Overview," contains information and statistics derived from a third-party report commissioned by us and publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party (other than Frost & Sullivan) involved in the Share Offer, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this prospectus being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

In preparation for the Listing, we have sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for primary listing on the Stock Exchange must have sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

The headquarters of our Group is located in Shenzhen, the PRC and the business and operations of our Group are primarily located, managed and conducted in the PRC. Except one executive Director who is ordinarily resident in Hong Kong, all of our executive Directors are ordinarily resident in the PRC, and they have to spend most of their time looking after the principal businesses and operations of our Group in the PRC. Accordingly, for the purposes of the management and operation of our Group, appointment of one additional executive Director to establish management presence in Hong Kong would not only increase the administrative expenses of our Group, but would also reduce the effectiveness of our Board in making decisions for our Group, especially when business decisions are required to be made within a short period of time. Therefore, we have applied to the Stock Exchange for, and obtained, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

(a) we have appointed two authorised representatives pursuant to Rule 2.11 and 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. Our authorised representatives are Mr. Lam Chun Hung Stanley and Mr. Wong Tin Yu. Mr. Lam Chun Hung Stanley is an executive Director and Mr. Wong Tin Yu is the company secretary of our Company, and both our authorised representatives are ordinarily resident in Hong Kong. Each of our authorised representatives will be able to meet with the Stock Exchange within a reasonable period upon request, if required. Our authorised representatives will be readily contactable by telephone and email, and are authorised to communicate on behalf of our Company with the Stock Exchange;

(b) both our authorised representatives have means to contact all Directors (including the independent non-executive Directors) and the senior management team promptly at all times as and when the Stock Exchange wishes to contact any Director on any matters. To enhance the communication between the Stock Exchange, our authorised representatives and Directors, we will implement a number of policies whereby (i) each of our executive Directors and independent non-executive Directors shall provide his/her mobile phone numbers, office phone numbers and email addresses to our authorised representatives; (ii) in the event that any of our executive Directors or independent non-executive Directors expects to travel and be out of office, he/she will provide the phone number of the place of his/her accommodation to our authorised representatives; and (iii) all our executive Directors and independent non-executive Directors and authorised representatives will provide their respective mobile phone numbers, office phone numbers and email addresses to the Stock Exchange;

(c) if the circumstances require, meetings of the Board can be summoned and held in such manner as permitted under our Articles at short notice to discuss and address any issue which the Stock Exchange is concerned in a timely manner;

(d) we, in compliance with Rule 3A.19 of the Listing Rules, have appointed Essence Corporate Finance (Hong Kong) Limited as our compliance adviser, who will, among others, act as an additional channel of communication with the Stock Exchange for the period from the Listing Date to the date on which our Company has sent its annual report to the Shareholders in respect of the first full financial year commencing immediately after the Listing;

(e) we will ensure that our compliance adviser has prompt access to our authorised representatives and our Directors will provide our compliance adviser with such information and assistance as they may need or may reasonably request in connection with the performance of their duties during the engagement period;

(f) during the engagement period, in the case of resignation by, or termination of, our compliance adviser, we undertake to appoint a replacement compliance adviser within three months from the effective date of such resignation or termination (as the case may be) pursuant to Rule 3A.27 of the Listing Rules;

(g) meetings between the Stock Exchange and our Directors can be arranged through our authorised representatives or our compliance adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in our authorised representatives and/or our compliance adviser in accordance with the Listing Rules;

(h) one of our three independent non-executive Directors are ordinarily resident in Hong Kong; and

(i) all of our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or will be able to apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong, within a reasonable period, upon the request of the Stock Exchange.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

INFORMATION ON THE PUBLIC OFFER

This prospectus is published solely in connection with the Public Offer. For applications under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

The Public Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Public Offer or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents, affiliates or advisers or any other party involved in the Share Offer. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as at any subsequent time.

UNDERWRITING

The Share Offer comprises the Public Offer of initially 10,000,000 Public Offer Shares and the Placing of initially 90,000,000 Placing Shares.

The application for listing of our Shares is sponsored by the Sole Sponsor. The Share Offer is managed by the Joint Bookrunners. The Public Offer is fully underwritten by the Public Offer Underwriters under the Public Offer Underwriting Agreement and is subject to our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us by Wednesday, 11 December 2019, the Share Offer will not proceed and will lapse. Further information about the Underwriters and the Underwriting Agreements is set out in the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF SHARES

Each person acquiring the Public Offer Shares under the Public Offer will be required to, or deemed by his acquisition of the Public Offer Shares to, confirm that he is aware of the restrictions on offer and sale of the Offer Shares described in this prospectus, where applicable.

No action has been taken to permit a public offer of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to any registration made with or authorisation by the relevant securities regulatory authorities or an exemption from applicable securities laws.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue prior to the Share Offer and to be issued pursuant to the Share Offer.

No part of our Shares is listed on or dealt in any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents, affiliates or advisers or any other party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

STAMP DUTY

Dealings in our Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty. If you are unsure about the taxation implications of subscribing for the Offer Shares, or about purchasing, holding or disposing of or dealing in them, you should consult an expert.

PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedures for applying for the Public Offer Shares are set forth under the section headed "How to Apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Disclosure on the structure and conditions of the Share Offer, are set forth in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

REGISTER OF MEMBERS

Our Company's principal register of members will be maintained by its Principal Share Registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and our Company's branch register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong. All Shares to be issued pursuant to the Share Offer will be registered on our Company's branch share register to be maintained in Hong Kong by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Only Shares registered on our Company's branch share register maintained in Hong Kong may be traded on the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

LANGUAGE

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

ROUNDING

In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred, or hundred thousand, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding. Accordingly, the total of each column of figures as presented may not be equal to the sum of the individual items.

EXCHANGE RATE CONVERSION

Unless otherwise specified, certain amounts denominated in HK$ and US$ have been translated into RMB, and US$ into HK$, at the following exchange rates:

HK$1.00 = RMB0.89 (being the prevailing exchange rate on 18 November 2019 as quoted by the People's Bank of China)

US$1.00 = RMB7.00 (being the prevailing exchange rate on 18 November 2019 as quoted by H10 weekly statistical release of the Federal Reserve Board of the United States)

US$1.00 = HK$7.83 (being the prevailing exchange rate on 18 November 2019 as quoted by H10 weekly statistical release of the Federal Reserve Board of the United States)

The above exchange rates are for illustrative purposes only and such conversions shall not be construed as representations that amounts in HK$ and US$ were or could have been or could be converted into RMB, or US$ into HK$, at such rates or any other exchange rates.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Song Hongtao (宋洪濤)	Room 100A, Unit 6 Building No. 2, Rihuitai Longgang District Shenzhen the PRC	Chinese
Mr. Wu Xiaohua (吳曉華)	Room 9D, Building 3 Xiangshanli No. 8, Xiangshan West Road Nanshan District Shenzhen the PRC	Chinese
Mr. Lam Chun Hung Stanley (林俊雄)	Unit B5, Floor 9, Block B Mt Parker Lodge 10 Hong Pak Path Quarry Bay Hong Kong	Chinese
Ms. Wang Jing (王靜)	Room 12D, Unit G Building No. 3 Yangguang Xinjingyuan Meilong Road, Minzhi Street Longhua New District Shenzhen the PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Mr. Tu Xinchun (涂新春)	Room 601, No. 93 Lane 2466 Jinxiu Road Pudong New District Shanghai the PRC	Chinese
Ms. Zhang Yahan (張雅寒)	Room 1202, No. 32 Lane 399, Zaozhuang Road Pudong New District Shanghai the PRC	Chinese
Dr. Qiao Zhonghua (喬中華)	Flat C, 5/F, Block T5 Sausalito, 1 Yuk Tai St Ma On Shan New Territories Hong Kong	Chinese

For further information regarding our Directors, please see the section headed "Directors and Senior Management".

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**Essence Corporate Finance (Hong Kong) Limited** 39/F., One Exchange Square Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**China Tonghai Securities Limited** 18/F-19/F, China Building 29 Queen's Road Central
	Realord Asia Pacific Securities Limited Suite 2402, 24/F, Jardine House 1 Connaught Place Central Hong Kong
Joint Lead Managers	**Target Capital Management Limited** 6th Floor 18 King Wah Road North Point Hong Kong
	Wonderland International Securities Limited 26/F, Tung Hip Commercial Building 252 Des Voeux Road Central Hong Kong

Legal Advisers to our Company	*As to Hong Kong law:* **Anthony Siu & Co. Solicitors & Notaries** Units 1102–3, 11th Floor Nine Queen's Road Central Hong Kong *As to PRC law:* **JunZeJun Law Offices** 28th and 29th Floor Landmark No. 4028 Jintian Road Futian District Shenzhen the PRC *As to Cayman Islands law:* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Miao & Co.** **(in Association with Han Kun Law Offices)** Rooms 3901–05, 39/F. Edinburgh Tower, The Landmark 15 Queen's Road Central Hong Kong *As to PRC law:* **Han Kun Law Offices** Room 2103–2104, 21/F Kerry Plaza Tower 3 I-1 Zhongxinsi Road Futian District Shenzhen the PRC

Auditor and reporting accountant	**PricewaterhouseCoopers** *Certified Public Accountants* 22/F, Prince's Building Central Hong Kong
Industry Consultant	**Frost & Sullivan** Room 1018, Tower B No. 500 Yunjin Road Xuhui District Shanghai the PRC
Property Valuer	**Sinaappraisal Advisory Limited** Room 1508, 15/F The Grand Plaza Office Tower Two 625 Nathan Road, Mong Kok Hong Kong
Receiving Bank	**DBS Bank (Hong Kong) Limited** 16/F, The Center 99 Queen's Road Central Hong Kong

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in the PRC	1301A, Microprofit Building Hi-Tech Industrial Park Nanshan District Shenzhen the PRC
Place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Units 1102-3, 11th Floor Nine Queen's Road Central Hong Kong
Company's website	**http://www.datamargin.com/** *(the information contained in this website does not form part of this prospectus)*
Company secretary	Mr. Wong Tin Yu (黃天宇) *(ACS, ACIS)* Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives	Mr. Lam Chun Hung Stanley (林俊雄) Unit B5, Floor 9, Block B MT Parker Lodge 10 Hong Pak Path Quarry Bay Hong Kong Mr. Wong Tin Yu (黃天宇) Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Audit Committee	Mr. Tu Xinchun (涂新春) *(Chairman)* Ms. Zhang Yahan (張雅寒) Dr. Qiao Zhonghua (喬中華)

Remuneration Committee	Ms. Zhang Yahan (張雅寒) *(Chairman)* Mr. Tu Xinchun (涂新春) Dr. Qiao Zhonghua (喬中華)
Nomination Committee	Mr. Song Hongtao (宋洪濤) *(Chairman)* Ms. Zhang Yahan (張雅寒) Dr. Qiao Zhonghua (喬中華)
Principal share registrar and transfer office in the Cayman Islands	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Branch Share Registrar and transfer office	**Tricor Investor Services Limited** Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	**China Construction Bank** **Shenzhen Jinsha Branch** Shop 137, 1st Floor KK ONE Mall Jingji Binhe Times Square No.9289 Binhe Avenue Futian District, Shenzhen the PRC **China Merchants Bank** **Shenzhen Weisheng Building Branch** 1st Floor, Weisheng Technology Building No.9966 Shennan Road Nanshan District, Shenzhen the PRC

LAWS AND REGULATIONS IN HONG KONG

The following sets out a summary of material laws, regulations and rules applicable to our Group's business in Hong Kong. Information contained in the following should not be construed as a comprehensive summary of laws and regulations applicable to us.

Business Registration

The Business Registration Ordinance, Chapter 310 of the Laws of Hong Kong, requires every person carrying on any business shall make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is made and as soon as practicable after the prescribed business registration fee and levy are paid and issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

Sale of Goods Ordinance

The main governing law in Hong Kong in relation to the sale of goods is the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) ("**Sale of Goods Ordinance**"), as amended, supplemented or otherwise modified from time to time. For consumer transactions, implied terms may be implied into sales contract to increase protection to consumers.

Examples include where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description. Additionally where a seller sells goods in the course of a business, there is an implied condition that the goods supplied under the contract are of merchantable quality, requiring that the goods should be fit for the purpose(s) for which goods of that kind are commonly bought, of such standard of appearance and finish, free from defects (including minor defects), safe, and durable as reasonably expected having regard to the relevant circumstances.

Where any right, duty or liability would arise under a contract of sale of goods by implication of law, it may (subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong)) be negative or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract.

Trade Marks Ordinance

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) ("**Trade Marks Ordinance**") provides for the registration of trademarks, the use of registered trademarks and related matters. As Hong Kong provides territorial protection for trademarks, trademarks registered in other regions or countries are not automatically entitled to protection in Hong Kong. In order to enjoy protection by the laws of Hong Kong, trademarks should be registered with the Trade Marks Registry of the Intellectual Property Department under the Trade Marks Ordinance and the Trade Marks Rules (Chapter 559A of the Laws of Hong Kong).

Pursuant to the Trade Marks Ordinance, a registered trademark is a property right acquired through due registration under the Trade Marks Ordinance, through which the owner of a registered trademark is entitled to the statutory rights.

Also pursuant to the Trade Marks Ordinance, the owner of a registered trademark is conferred exclusive rights in the trademark with the rights of the owner in respect of the registered trademark coming into existence from the date of the registration of the trademark. The registration date is the filing date of the application for registration.

Subject to the exceptions provided under the Trade Marks Ordinance, any use of the trademark by third parties without the consent of the owner is an infringement of the trademark. The Trade Marks Ordinance provides (among other things) that a person infringes a registered trademark if the person uses in the course of trade or business a sign which is:

(a) identical to the trademark in relation to goods or services which are identical to those for which it is registered;

(b) identical to the trademark in relation to goods or services which are similar to those for which it is registered, and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public;

(c) similar to the trademark in relation to goods or services which are identical or similar to those for which it is registered; and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public; or

(d) identical or similar mark in relation to goods or services which are not identical or similar to those for which the trademark is registered; the trademark is entitled to protection under the Paris Convention as a well-known trademark; and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of a trademark.

Pursuant to the Trade Marks Ordinance, the owner of a trademark is entitled to bring infringement proceedings against a person infringing his or her trademark or damages, injunctions, accounts and any other relief available in law.

Trademarks which are not registered under the Trade Marks Ordinance and the Trade Marks Rules may still be protected by the common law action of passing off, which requires proof of the owner's reputation in the unregistered trademark and that use of the trademark by third parties will cause damage to the owner.

As at the Latest Practicable Date, the Group have registered two trademarks in Hong Kong relating to our Group's business. Our Directors confirm that the Group did not receive any claim for trademark infringement during the Track Record Period and up to the Latest Practicable Date.

Laws relating to Transfer Pricing

Regulations concerning transfer pricing between associated enterprises can be found in the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**IRO**"), the Inland Revenue (Amendment) (No.6) Ordinance 2018 (the "**IRAO**") and the comprehensive double taxation agreements (the "**DTAs**") between Hong Kong and other countries or territories, including the PRC.

Pursuant to section 20A of the IRO, the Inland Revenue Department has wide powers to collect tax due from non-residents. The Inland Revenue Department may also make transfer pricing adjustments by disallowing expenses incurred by the Hong Kong resident under sections 16(1), 17(1)(b) and 17(1)(c) of the IRO.

Additionally the Inland Revenue Department may make transfer pricing adjustments by challenging the entire arrangement. For example pursuant to section 61 of the IRO, an assessor may disregard any transactions or disposition where he is of the opinion that such transaction which reduces or would reduce the amount of tax payable by any person is artificial or fictitious or that any disposition is not in fact given effect to. While section 61A of the IRO stipulates that where it would be concluded that person(s) entered into or carried out transactions for the sole or dominant purpose to obtain a tax benefit (which means the avoidance or postponement of the liability to pay tax or the reduction in the amount thereof), liability to tax of the relevant person(s) will be assessed (a) as if the transaction or any part thereof had not been entered into or carried out; or (b) in such other manner as the supervising authority considers appropriate to counteract the tax benefit which would otherwise be obtained.

Pursuant to section 60 of the IRO, where it appears to an assessor that for any year of assessment any person chargeable with tax has not been assessed or has been assessed at less than the proper amount, the assessor may, within the year of assessment or within 6 years after the expiration thereof, assess such person at the amount or additional amount which according to his judgment such person ought to have been assessed, and, provided that where the non-assessment or under-assessment of any person for any year of assessment is due to fraud or willful evasion, such assessment or additional assessment may be made at any time within 10 years after the expiration of that year of assessment.

Further, the IRO provides, amongst other things, that profits tax shall be charged on every person carrying on a trade, profession or business in Hong Kong in respect of his or her assessable profits arising in or derived from Hong Kong at the standard rate, which stands as at the Latest Practicable Date at the rate of 8.25% on section 14 assessable profits up to $2,000,000/at the rate of 16.5% on any part of section 14 assessable profits over $2,000,000 for corporate taxpayers.

The DTAs contain provisions mandating the adoption of arm's length principle for pricing transactions between associated enterprises. The arm's length principle uses the transactions of independent enterprises as a benchmark to determine how profits and expenses should be allocated for the transactions between associated enterprises. The basic rule for DTA purposes is that profits tax charged or payable should be adjusted, where necessary, to reflect the position which would have existed if the arm's length principle had been applied instead of the actual price transacted between the enterprises.

The Departmental Interpretation and Practice Notes No. 45 — Relief from Double Taxation due to Transfer Pricing or Profit Reallocation Adjustments issued by the Inland Revenue Department in April 2009 makes it available that where double taxation arises as a result of transfer pricing adjustments made by the tax authorities of another country, a Hong Kong taxpayer may potentially claim relief under the tax treaty between Hong Kong and that country (countries entered into tax arrangements with Hong Kong includes the PRC).

The Inland Revenue Department also issued a Departmental Interpretation and Practice Notes No. 46 in December 2009 which provides a comprehensive guideline and methodologies on transfer pricing, and further issued a Departmental Interpretation and Practice Notes No. 48 in March 2012 which provides a mechanism for taxpayers to agree in advance their transfer pricing arrangements with the Inland Revenue Department.

Further, the main objectives of the IRAO are to codify the transfer pricing principles into the IRO and implement the minimum standards of the Base Erosion and Profit Shifting ("**BEPS**") package promulgated by the Organisation for Economic Co-operation and Development such as the transfer pricing documentation requirements. The BEPS package seeks to counter the exploitation of gaps and mismatches in tax rules by multinational enterprises to artificially shift profits to low or no-tax locations where there is little or no economic activity.

For example, section 50AAF of the IRAO codifies the arm's-length principle and allows for an adjustment of a taxpayer's profits upwards or losses downwards if the taxpayer has entered into transaction(s) with an associated person, and the pricing of such transaction(s) differs from that between independent persons and a Hong Kong tax advantage person. Section 82A of the IRAO provides that a person is liable to be assessed for penalties to additional tax of the amount of tax undercharged resulting from transfer pricing adjustments, unless it is proved that reasonable efforts have been made to determine the arm's length price for the transaction(s).

Furthermore, pursuant to section 58C of the IRAO, Hong Kong entity engaged in transactions with associated enterprises will be required to prepare master and local files for accounting periods beginning on or after 1 April 2018, except where they meet either one of the following exemptions in respect of business size or relevant transaction volume:

(1) Exemption based on size of business: Where taxpayers meeting any two of the following conditions the master file and local files are not required to prepare:

  (a) Total annual revenue not exceeding HK$400 million;

  (b) Total assets not exceeding HK$300 million; or

  (c) Average number no more than 100 employees.

(2) Exemption based on related party transactions: If the amount of a category of controlled transactions for the relevant accounting period is below the proposed threshold, an enterprise will not be required to prepare a local file for that particular category of transactions:

(a) Transfer of properties (other than financial assets and intangibles): HK$220 million;

(b) Transaction of financial assets: HK$110 million;

(c) Transfer of intangibles: HK$110 million;

(d) Any other transaction: HK$44 million.

LAWS AND REGULATIONS IN THE PRC

This section sets forth a summary of the most significant PRC laws and regulations that affect our business and the industry in which we operate.

Laws and Regulations in Relation to Foreign Investment in the PRC

Pursuant to the Provisions on Guiding the Orientation of Foreign Investment (指導外商投資方向規定) promulgated by the State Council on 11 February 2002 and became effective on 1 April 2002, the Guidance Catalogue for Foreign Investment (外商投資產業指導目錄) (the "**Guidance Catalogue**") is the basis of the application of relevant policies in examining and approving foreign investment projects and foreign-invested enterprises. The Guidance Catalogue sets out "encouraged", "permitted", "restricted" and "prohibited" categories for all foreign investment projects in the PRC. For the projects which do not fall into the categories of encouraged, restricted or prohibited projects shall be deemed as the permitted foreign investment projects. The permitted foreign investment projects are not listed in the Guidance Catalogue. Pursuant to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2019) (外商投資准入特別管理措施(負面清單)(2019版)), which was jointly issued by the NDRC and the MOFCOM on 30 June 2019 and became effective on 30 July 2019, our PRC subsidiaries do not engage in any restricted industries or prohibited industries for foreign investment.

Pursuant to the Law of the PRC on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法), which was promulgated by the SCNPC on 12 April 1986 and became effective on the same date, and was subsequently amended on 31 October 2000 and 3 September 2016, and its implementing rules, a foreign-invested enterprise is an enterprise established by foreign investors within the territory of the PRC in accordance with applicable laws of the PRC and of which all capital is invested by such foreign investors, excluding branches established by foreign enterprises and other economic organisations. The aforesaid law and rules will be repealed upon the effectiveness of the Foreign Investment Law of the PRC (中華人民共和國外商投資法), which was promulgated by the SCNPC on 15 March 2019 and will come into force as at 1 January 2020.

The Provisions Regarding Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (關於外國投資者併購境內企業的規定), jointly issued by the MOFCOM, SASAC, SAT, CSRC, SAIC and SAFE on 8 August 2006, became effective on 8 September 2006 and was amended on 22 June 2009, provides the rules with which foreign investors shall comply if they seek to purchase the equities of a domestic non-foreign-invested enterprise or to subscribe for the increased capital of a domestic non-foreign-invested enterprise, which will subsequently change the domestic non-foreign-invested enterprise into a foreign-invested enterprise.

According to the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises (Revised in 2018) (外商投資企業設立及變更備案管理暫行辦法(2018修正)) (the "**Interim Measures**"), which was promulgated by the MOFCOM on 8 October 2016 and subsequently amended on 30 July 2017 and 30 June 2018, the merger and acquisition of domestic non-foreign-invested enterprises by foreign investors shall, if not involving special access administrative measures or affiliated mergers and acquisitions, be subject to the record filing measures.

Laws and Regulations on Personal Information Security and Privacy Protection

Pursuant to 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 7 November 2016 and became effective on 1 June 2017, the State takes measures to maintain the security and order of cyberspace and cracks down on cyber illegal activities and crimes by law. Any network service provider shall perform its obligation to protect network security and enhance network information management.

Pursuant to the Decision of the Standing Committee of the National People's Congress on Strengthening Information Protection on Networks (全國人民代表大會常務委員會關於加強網絡信息保護的決定) which was promulgated and became effective on 28 December 2012, network service providers, other enterprises and public institutions shall, when gathering and using electronic personal information of citizens in business activities, adhere to the principles of legality, rationality and necessarily, explicitly state the purposes, manners and scopes of collecting and using information, and obtain the consent of those from whom information is collected, and shall not collect and use information in violation of laws or regulations and the agreement between both sides. Network service providers and other enterprises or institutions shall, when gathering and using electronic personal information of citizens, publish their collection and use rules. Network service providers, other enterprises or institutions and their employees must strictly keep confidential and may not divulge, alter, damage, sell, or illegally provide others with the electronic personal information of citizens gathered in business activities. Network service providers and other enterprises or institutions shall take technical measures and other necessary measures to ensure information security and prevent electronic personal information of citizens gathered in their business activities from being divulged, damaged or lost. When any information divulgence, damage or loss occurs or may occur, remedial actions shall be taken immediately.

Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services (規範互聯網信息服務市場秩序若干規定) which was promulgated by the MIIT on 29 December 2011 and became effective on 15 March 2012, Internet information service providers shall not, without consent of the user, collect or provide any third party with any personal information of the user, and shall notify the user of the methods, contents and purposes of the collection and processing of personal information of the user, and shall collect relevant information only to the extent necessary for provision of services.

Pursuant to the Information Security-Technology Personal Information Security Specification (信息安全技術個人信息安全規範) (GB/T35273–2017) which was promulgated by the National Information Security Standardization Technical Committee on 29 December 2017 and became effective on 1 May 2018, and its Exposure Draft issued on 1 February 2019 to solicit public opinion, personal information controllers should strictly follow relevant procedures when collecting, using and disclosing personal information.

Pursuant to the Big Data Security Standardisation White Paper (2018) (大數據安全標準化白皮書)(2018版)) promulgated by the National Information Security Standardisation Technical Committee on 14 April 2018, the State improved the development of personal information security standards and made recommendations for the development of big data security standardisation.

Regulations in relation to Labour and Social Security

Laws and Regulations in Relation to Labour Protection

Pursuant to the Labour Law of the PRC (中華人民共和國勞動法) (the "**Labour Law**"), which was promulgated by the SCNPC on 5 July 1994, came into effect on 1 January 1995 and was amended on 27 August 2009 and 29 December 2018, the Labour Contract Law (勞動合同法), which was promulgated by the SCNPC on 29 June 2007, became effective on 1 January 2008, and was amended on 28 December 2012, and the Implementation Regulations on Labour Contract Law (勞動合同法實施條例), which was promulgated and became effective on 18 September 2008, labour contracts shall be concluded in writing if labour relationships are to be or have been established between enterprises or institutions and the employees. Enterprises and institutions as employers are forbidden to force the employees to work beyond the time limit and the employers shall pay employees overtime working compensation in accordance with national regulations. In addition, the labour wages shall not be lower than the local standards on minimum wages and shall be paid to the employees timely.

Laws and Regulations in Relation to Social Insurance and Housing Provident Fund

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 28 October 2010, became effective on 1 July 2011 and amended on 29 December 2018, the Interim Regulations on Levying Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated and implemented by the State Council on 22 January 1999 and amended on 24 March 2019, the Regulations for Labour Injury Insurance (工傷保險條例) issued by the State Council on 27 April 2003 and amended on 20 December 2010, the Regulations for Unemployment Insurance (失業保險條例) promulgated and implemented by the State Council on 22 January 1999 and its Exposure Draft issued on 10 November 2017 to solicit public opinion, and the Provisional Measures for

Maternity of Employees Insurance (企業職工生育保險試行辦法) promulgated on 14 December 1994 by the MOHRSS and implemented on 1 January 1995, employers are required to pay social insurance premiums for their employees on time and in full, including premiums for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity leave insurance. Under the circumstance where an employer fails to pay social insurance premiums on time and in full, it might be subject to a rectification order by competent authorities and a daily late fee at the rate of 0.05% of the outstanding amount from the due date might be imposed. In addition, if it fails to make such payment in full amount within the prescribed time limit, a fine in the amount of one to three times of the outstanding payment might be imposed by competent authorities.

Pursuant to the Management System Reform Plan for National Tax and Local Tax Collection (國稅地稅征管體制改革方案) promulgated by the Office of CPC Central Committee and Office of the State Council on 20 July 2018, all social insurance premiums such as basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, work-related injury insurance premiums, and maternity insurance premiums will be collected by the tax authorities. Pursuant to the Notice by the General Office of the State Administration of Taxation of Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (國家稅務總局辦公廳關於穩妥有序做好社會保險費征管有關工作的通知) promulgated on 13 September 2018, the tax authorities shall properly handle historical arrears under the principle of clearly sorting out and properly taking over historical outstanding accounts and not organising the review of arrears on their own. All localities shall conscientiously implement the spirit of the executive meeting of the State Council by remaining the current collection policies unchanged before the completion of the reform of social insurance premium collection institutions, so as to ensure the orderly collection administration and the smooth progress of the work; and at the same time, shall regulate law enforcement inspections, and may not organise and conduct review of arrears of the previous years on their own. The aforesaid policy was emphasised by Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council and Effectively Stabilising the Collection of Social Insurance Premiums (人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) issued by the Ministry of Human Resources and Social Security on 21 September 2018 and the Notice of the Guangdong Provincial People's Government on Printing and Distributing Certain Policies and Measures for Further Promoting Employment in Guangdong Province (廣東省人民政府關於印發廣東省進一步促進就業若干政策措施的通知) promulgated on 30 November 2018. Pursuant to the Notice of Guangdong Provincial Tax Service, State Taxation Administration, Human Resources and Social Security Department of Guangdong Province and Healthcare Security Administration of Guangdong Province on the Collection of Basic Endowment Insurance Premiums for Urban and Rural Residents and Basic Medical Insurance Premiums for Urban and Rural Residents by Tax Department (國家稅務總局廣東省稅務局、廣東省人力資源和社會保障廳、廣東省醫療保障局關於稅務機關徵收城鄉居民基本養老保險費和城鄉居民基本醫療保險費的公告) promulgated on 29 December 2018, the basic endowment insurance premiums for urban and rural residents and the basic medical insurance premiums for urban and rural residents will be uniformly collected by the tax department since 1 January 2019. Pursuant to the Announcement of Shenzhen Tax Service, State Taxation

Administration on Collecting the Social Insurance Premiums of Public Institutions and the Basic Endowment Insurance Premiums of Urban and Rural Residents (國家稅務總局深圳市稅務局關於徵收機關事業單位社會保險費和城鄉居民基本養老保險費的公告) promulgated on 25 December 2018, the social insurance premiums of the public institutions and the basic endowment insurance premiums of urban and rural residents within the scope of Shenzhen (excluding the ShenShan Special Cooperation Zone) are levied by the tax department since 1 January 2019. The social insurance collected by the taxation department does not include the urban employee social insurance.

Pursuant to the Administration Regulations on the Housing Provident Fund (住房公積金管理條例), which was promulgated by the State Council and became effective on 3 April 1999, and was amended on 24 March 2002 and 24 March 2019, employers are required to pay housing provident funds for their employees on time and in full. If an employer fails to undertake payment and deposit registration of housing provident fund or fails to open the housing provident fund accounts for its employees, the housing provident fund management centre may order the employer to rectify it within the prescribed time limit; where failing to do so at the expiration of the time limit, a fine between RMB10,000 and RMB50,000 may be imposed by competent authorities. If the employer is overdue in the payment or underpays, the housing provident fund management centre shall order the employer to pay up within the prescribed time limit. If the employer still fails to pay up as scheduled, the housing provident fund management centre may apply to the court for enforcement of the unpaid amount.

Laws and Regulations in Relation to Intellectual Property

Copyright

Pursuant to the Copyright Law of the PRC (中華人民共和國著作權法), which was promulgated by the National People's Congress on 7 September 1990 and became effective on 1 June 1991 and amended respectively on 27 October 2001 and 26 February 2010, copyright protection extends to cover Internet activities and products disseminated over the Internet. Computer Software is one form of the copyrights and is also protected by the Copyright Law of the PRC.

Pursuant to the Regulations on the Protection of Computer Software (計算機軟件保護條例), which was promulgated by State Council on 4 June 1991 and became effective on 1 October 1991 and amended by the State Council on 20 December 2001, 8 January 2011 and 30 January 2013, and the Rules for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法), which was promulgated by the National Copyright Administration and became effective on 20 February 2002, the computer software copyright is valid for a term of 50 years until 31 December of the 50th year, starting from the date as of first publication. The computer software copyright owners shall register at the China Copyright Protection Centre to obtain the computer software copyright registration certificates as a preliminary evidence of the computer software copyright being registered. The China Copyright Protection Centre shall complete examination of all applications accepted for processing within sixty days of acceptance. Parties to a computer software copyright transfer contract may apply to the China Copyright Protection Centre to register the contract.

Patents

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) (the "**PRC Patent Law**"), which was promulgated by the SCNPC on 12 March 1984, became effective on 1 April 1985 and amended on 4 September 1992, 25 August 2000 and 27 December 2008, after the grant of the patent right for an invention or utility model, except where otherwise provided for in the PRC Patent Law, no entity or individual may, without the authorisation of the patent owner, exploit the patent, that is, to make, use, offer to sell, sell or import the patented product, or use the patented process, or use, offer to sell, sell or import any product which is a direct result of the use of the patented process, for production or business purposes. After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, to manufacture, offer to sell, sell, or import any product containing the patented design. Where the infringement of a patent is identified, the infringer shall, in accordance with the regulations, undertake measures such as to cease the infringement, take remedial actions, and pay the damages.

Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) (the "**PRC Trademark Law**"), which was promulgated 23 August 1982, became effective on 1 March 1983, and subsequently amended on 22 February 1993, 27 October 2001, 30 August 2013 and 23 April 2019 as well as the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例) promulgated by the State Council on 3 August 2002, became effective on 15 September 2002 and was amended on 29 April 2014, the Trademark Office under the State Administration for Industry and Commerce handles trademark registrations and grants a term of ten years to registered trademarks which may be renewed for consecutive ten-year periods upon request by the trademark owner.

Under the PRC Trademark Law, any of the following acts may be regarded as an infringement upon the right to exclusive use of a registered trademark, including (1) to use a trademark that is identical with a registered trademark in respect of the same goods without authorisation of the proprietor of the registered trademark; (2) to use a trademark similar to a registered trademark in respect of the same goods or to use a trademark identical with or similar to a registered trademark in respect of similar goods, without authorisation of the proprietor of the registered trademark, where such use is likely to cause confusion; (3) to sell the goods that infringe the exclusive right to use a registered trademark; (4) to counterfeit, or to make, without authorisation, representations of a registered trademark of another person, or to sell such representations of a registered trademark as were counterfeited, or made without authorisation; (5) to replace, without authorisation, a registered trademark and put the goods bearing the replaced trademark on the market; (6) to intentionally provide a person with conveniences for such person's infringement of the trademark of another person or facilitate such person's infringement of the trademark of another person; (7) to cause, in other aspects, prejudice to the exclusive right of another person to use a registered trademark. Violation of the PRC Trademark Law may result in the imposition of fines, confiscation, and destruction of the infringing commodities. Trademark licence agreements must be filed with the

Trademark Office for record. The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Domain Name

Pursuant to the Implementing Rules on Registration of Domain Names (域名註冊實施細則) which was promulgated by China Internet Network Information Centre (中國互聯網絡信息中心) (the "**CNNIC**") on 5 June 2009 and amended on 29 May 2012 and the provisions of Article 33 of the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) promulgated on 24 August 2017 and became effective on 1 November 2017, where the contact information of a domain name holder or any other information changes, it or he shall undergo the formalities for the change of domain name registration information with the domain name registrar within 30 days after the change. Where the domain name holder transfers the domain name to any other party, the transferee shall comply with the relevant requirements for domain name registration.

Laws and Regulations over Foreign Exchange

Foreign Exchange

The principal regulations governing foreign currency exchange in China are the Regulations on Foreign Exchange Administration of the PRC (中華人民共和國外匯管理條例), which was promulgated by the State Council on 29 January 1996 and amended on 14 January 1997 and 5 August 2008, and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment (結匯、售匯及付匯管理規定), which was promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996. Under these rules and other PRC rules and regulations on currency conversion, the Renminbi is freely convertible for payment of current account items (such as trade and service-related foreign exchange transactions and dividend payments) but not freely convertible for capital account items (such as direct investment, loans or investment in securities outside the PRC) unless the prior approval of the SAFE or its local counterparts is obtained. Foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of the SAFE for paying dividends by providing certain supporting documents (such as board resolutions), or for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions. They are also allowed to retain their recurrent exchange earnings according to their operational needs and the sums retained may be deposited into foreign exchange bank accounts maintained with the designated banks in the PRC.

Settlement of Foreign Exchange Capital

Pursuant to the Circular of the State Administration of Foreign Exchange on the Reform of the Management in 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 No. 19**"), which was promulgated by the SAFE on 30 March 2015 and became effective on 1 June 2015, foreign-invested enterprises in the PRC may, according to their business needs, settle with a bank the portion of foreign exchange capital in their capital account for which the local foreign exchange bureau has confirmed capital contribution rights and interests, and the portion allowed to be settled by a foreign-invested enterprise is tentatively 100%. Furthermore, where foreign-invested enterprises are engaging in equity investments in the PRC, they shall comply with the regulations on reinvestment within the territory of the PRC. In addition, the foreign currency registered capital of a foreign-invested enterprise that has been settled in Renminbi may only be used for purposes within the business scope approved by the applicable governmental authority and shall not be used for the following purposes: (i) directly or indirectly used for expenditures prohibited by the laws and regulations or beyond the enterprise's business scope; (ii) directly or indirectly used for securities investments unless otherwise specified by laws and regulations; (iii) directly or indirectly used for providing Renminbi entrusted loans (unless permitted in the business scope), repaying loans between enterprises (including third-party cash advance), or repaying bank loans it has obtained and on-lent to third parties; (iv) used to purchase non-self-use real estate, except for foreign-invested real estate enterprises. Furthermore, foreign-invested enterprises whose main business is investment are allowed to directly settle their foreign currency capital and transfer that amount into the account of the enterprise being invested, provided that the domestic investment project is real and compliant. For an ordinary foreign-invested enterprise intending to engage in domestic equity investment using Renminbi settled from foreign currency capital, the Circular No. 19 stipulates that the enterprise being invested shall first complete a domestic reinvestment registration and open a foreign currency settlement account with local foreign exchange authority (or bank), after which the investing enterprise may transfer the Renminbi settled (consisting of the actual amount of the investment) to the account opened by the enterprise being invested.

Adjustment on the Administration of Foreign Exchange for Direct Investment

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting the Administration Policy of Foreign Exchange for Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (the "**Circular No. 59**") which was promulgated by the SAFE on 19 November 2012 and became effective on 17 December 2012, and was subsequently amended on 4 May 2015 and 10 October 2018, approval is not required for the opening of an account entry in foreign exchange accounts for direct investment, re-investment with the domestic lawful incomes by the foreign investors, the purchase and offshore payments of foreign exchange for the direct investment, and the domestic transfer of foreign exchange for direct investment. The Circular No. 59 also simplifies the capital verification and confirmation formalities for foreign-invested enterprises and the foreign capital and foreign exchange registration formalities required for foreign investors to acquire the equity of the Chinese party, and further improves the administration on exchange settlement of the foreign exchange capital of foreign-invested enterprises.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Administration Policy of Foreign Exchange 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) (the "**Circular No. 13**") which was promulgated by the SAFE on 13 February 2015 and became effective on 1 June 2015, administrative approval of foreign exchange registration for domestic direct investment has been cancelled while the registration and confirmation formalities for the foreign capital of foreign investors for domestic direct investment have been simplified.

Circular No. 37

In terms of the Notice on the Relevant Issues about Foreign Exchange Administration of the Financing and Return Investment of Domestic Residents through Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) (the "**Circular No. 75**") promulgated by the SAFE on 21 October 2005 and became effective on 1 November 2005, (i) before establishing or controlling special-purpose vehicles (the "**SPVs**") for financing for overseas equity, PRC residents shall register with the local branch of the SAFE; (ii) if the PRC resident injects the assets or equity of domestic enterprises it possesses to the SPVs, or financing for overseas equity after the injection, the said PRC resident shall change registration of foreign exchange concerning equity of net assets and its changes of SPVs with the local branch of the SAFE; (iii) if any significant asset change (such as change of share capital or M&A) occurs in overseas SPVs outside the PRC, PRC residents shall register relevant changes with the local branch of the SAFE within 30 days after occurrence of the said change. The Circular No. 75 has been repealed by the Circular No. 37 on 14 July 2014.

On 4 July 2014, the SAFE promulgated Circular No. 37, according to which, (i) "SPVs" is defined as "offshore enterprise directly established or indirectly controlled by domestic residents (including domestic institution and individual resident) with their legally owned assets or equity of domestic enterprises, or legally owned offshore assets or equity, for the purpose of offshore investment and financing; (ii) a domestic resident must register with the SAFE before he or she contributes assets or equity interests to SPVs; (iii) following the initial registration, any major changes such as change in the overseas SPVs' domestic resident shareholders, names of the overseas SPVs and terms of operation or any increase or reduction of the overseas SPVs, registered capital, share transfer or swap, merger or division, or similar development, shall be reported to the SAFE for registration in time, and failing to comply with the registration procedures as set out in the Circular No. 37 may result in penalties.

Law and Regulations in relations to Property

Pursuant to the Property Law of PRC (中華人民共和國物權法), which was promulgated by the National People's Congress on 16 March 2007, and became effective on 1 October 2007, the creation, variation, transfer and extinguishment of immovable property rights shall be registered pursuant to the provisions of the law. Creation, variation, transfer and extinguishment of immovable property rights pursuant to law shall be effective upon registration; unless the law provides to the contrary, such creation, variation, transfer and extinguishment shall be ineffective without registration. An owner shall have the right to possess, use, benefit and dispose of its immovable or movable property pursuant to law.

Pursuant to the Administrative Measures for Commodity Housing Tenancy (商品房屋租賃管理辦法) promulgated by the Ministry of Housing and Urban-Rural Development on 1 December 2010 and became effective on 1 February 2011, the parties concerned to a housing tenancy shall go through the housing tenancy registration formalities with the competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. Where the content of the housing tenancy registration is altered, or the housing tenancy contract is renewed or terminated, the parties concerned shall, within 30 days, go through housing tenancy registration amendment, renewal or termination formalities at the department which originally registered the housing tenancy. The competent construction (real estate) departments of the people's governments of the municipalities directly under the Central Government, cities and counties shall urge those who do not register on time hereof to make corrections within a specified time limit, and shall impose a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

Laws and Regulations on Tax Matters

EIT

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), which was promulgated by the SCNPC on 16 March 2007 and became effective on 1 January 2008 and was subsequently amended on 24 February 2017 and 29 December 2018, and the Regulation 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), which was promulgated by the State Council on 6 December 2007, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is exercised within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from the PRC. Under the EIT Law and the EIT Rules, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and their established institutions or premises, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from the PRC.

Pursuant to the EIT Law and the EIT Rules, an enterprise certified as a high and new technology enterprise is subject to a preferential enterprise income tax of 15%. In accordance with the Measures for Administration of Recognition of High and New Technology Enterprise (高新技術企業認定管理辦法) effective from 1 January 2008 and amended on 29 January 2016, an enterprise certified as a high and new technology enterprise is subject to review by the relevant PRC authorities and shall submit the information about the relevant intellectual property, scientific and technical personnel, research and development expense, business income of previous year and other annual status in the required official website.

Pursuant to the Circular on Issues Concerning Preferential Enterprise Income Tax Policies for the Software and Integrated Circuit Industries (關於軟件和集成電路產業企業所得稅優惠政策有關問題的通知) (the "**2016 Circular**") jointly promulgated by the MOF, the SAT, the NDRC and the MIIT on 4 May 2016 and became effective as at 1 January 2015 and was subsequently amended on 28 March 2018, software enterprises entitled to the preferential tax policies as stipulated in Notice on Corporate Income Tax Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (關於進一步鼓勵軟件產業和集成電路產業發展企業所得稅政策的通知) (the "**2012 Circular**") jointly promulgated by the MOF and the SAT on 20 April 2012, became effective on 1 January 2011 and amended on 4 May 2016, shall, at the time of final settlement each year, file with tax authorities for record in accordance with the requirements of Announcement of the SAT on Issuing the Measures for the Handling of Matters concerning Preferential Enterprise Income Tax Policies (國家稅務總局關於發佈《企業所得稅優惠政策事項辦理辦法》的公告) promulgated by the SAT on 12 November 2015, which was abolished by Announcement of the SAT on Issuing the Revised Measures for the Handling of Matters concerning Preferential Enterprise Income Tax Policies (2018) (國家稅務總局關於發佈修訂後的《企業所得稅優惠政策事項辦理辦法》的公告(2018)) (the "**2018 Announcement**"). After being entitled to the preferential tax policies, the software enterprises shall be referred by the tax authorities to the NDRC and the MIIT for verification. In the case that an enterprise does not meet the corresponding requirements upon verification, the tax authority concerned shall recover the enterprise income tax preferences that such enterprise has enjoyed, and handle such case in accordance with the provisions of the law on the administration of tax levying. The preferential policies for software enterprises in item 56 of the Management Catalogue of Preferential Items in Enterprise Income Tax (amended in 2017) (企業所得稅優惠事項管理目錄(2017年版)) (the "**2017 Catalogue**") attached to the 2018 Announcement shall cease to be managed as the "record filing management items for regular tax deduction and exemption preferences"; once a software enterprise has fulfilled the record-filing requirement prior to the implementation of the 2016 Circular, it shall as well handle the record-filing formalities pursuant to the 2016 Circular in the years when the enterprise is entitled to tax preferences. Pursuant to item 20 of the 2017 Catalogue, 50% of the research and development expenses incurred by the enterprise for the development of new technologies, new products, new processes, if the intangible assets are not included in the current profits and losses, shall be deducted on the basis of actual deduction.

VAT

Pursuant to the Provisional 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 13 December 1993 and subsequently amended on 10 November 2008, 6 February 2016 and 19 November 2017, and its implementation rules (中華人民共和國增值稅暫行條例實施細則), which was promulgated and became effective on 25 December 1993 and was subsequently amended by the Ministry of Finance on 15 December 2008 and 28 October 2011, unless stated otherwise, the tax rate for VAT payers who are selling or importing goods or providing processing, repairs, and replacement services in the PRC shall be 17%. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (財政部、稅務總局關於調整增值稅稅率的通知), which was promulgated by the MOF and the SAT on 4 April 2018 and became effective on 1 May 2018, the 17% and 11% VAT rate applied to taxable sales behaviour or imported goods were adjusted to 16% and 10% respectively.

Pursuant to 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 13 October 2011 and became effective on 1 January 2011 and the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (財政部、稅務總局關於調整增值稅稅率的通知), software products which satisfy the following criteria may enjoy the refund-upon-collection policy, which shall be applied to the part of actual VAT burden in excess of 3% after VAT has been collected at a tax rate of 16%, upon examination and approval by the tax authorities in charge: (i) obtain proof materials of testing issued by a software testing organisation recognised by the software industry authorities of provincial level; and (ii) obtain a "Registration Certificate for Software Products" issued by the software industry authorities or a "Copyright Registration Certificate for Computer Software" issued by the copyright administration.

Pursuant to the Notice of the State Council on Effectively and Comprehensively Promoting the Pilot Programme of Replacing Business Tax with Value-Added Tax (國務院關於做好全面推開營改增試點工作的通知), which was promulgated by the State Council and became effective on 29 April 2016, all sectors, which paid business tax previously, shall pay the VAT rather than the business tax since 1 May 2016.

Dividends Withholding Tax

Before the promulgation of the EIT Law, the principal laws and regulations governing the distribution of dividends paid by wholly foreign-owned enterprises include the Law of the PRC on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法) and the Implementing Rules for the Law of the PRC on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法實施細則), which was promulgated by the MOFCOM and became effective on 12 December 1990, and was subsequently amended by the State Council on 12 April 2001 and 19 February 2014. Under these laws and regulations, wholly foreign-owned enterprises in the PRC may only pay dividends from accumulated after-tax profit, if any, determined in accordance with PRC accounting standards and regulations. Dividends paid to its foreign investors are exempt from withholding tax. However, this provision has been revoked by the EIT Law. The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced passive income of non-resident enterprises. However, the EIT Rules reduced the rate from 20% to 10%.

Pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and 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), which was promulgated by the SAT and the Hong Kong government on 21 August 2006 and became effective on 8 December 2006, a PRC company shall pay income tax on the dividends paid to a Hong Kong resident. However, provided that the recipient is a Hong Kong resident that holds at least 25% of the capital of the PRC company, no more than the 5% withholding tax rate applies to dividends paid by the PRC company to the Hong Kong resident. In other circumstances, the 10% withholding tax rate applies to dividends paid by the PRC company to the Hong Kong resident.

Laws relating to Transfer Pricing

In accordance with the EIT Law and the Implementation Regulations for Special Tax Adjustments (Trial) (特別納稅調整實施辦法(試行)), which was promulgated by the SAT on 8 January 2009 and became effective on 1 January 2008, and was subsequently amended on 16 June 2015, 29 June 2016, 11 October 2016, 17 March 2017 and 15 June 2018, an enterprise shall adopt reasonable transfer pricing methods when conducting transactions with its affiliates (hereinafter referred to as "**affiliated transactions**"). The tax authority has the power to assess whether the affiliated transactions conform to the arm's length principle upon investigation and to make adjustments accordingly. The invested enterprise shall therefore faithfully report on the relevant information about its affiliated transactions. According to the Announcement on Promulgating the Administrative Measures for Special Tax Investigation Adjustments and Mutual Agreement Procedures (關於發佈《特別納稅調查調整及相互協商程序管理辦法》的公告), which partially repealed the Implementation Regulations for Special Tax Adjustments (Trial), and was issued by the SAT on 17 March 2017 and became effective on 1 May 2017, and was amended on 15 June 2018, if an enterprise receives a special tax adjustment risk warning from tax authorities or detects in itself any special tax adjustment risk, the enterprise may carry out voluntary adjustments regarding tax payment matters and the relevant tax authority may still proceed with special tax investigation adjustment procedures according to the relevant provisions. Besides, pursuant to the tax treaties signed by the PRC, the SAT may activate mutual consultation procedures either upon application by an enterprise or upon request by the competent tax authority of the contracting counter-party of a tax treaty to consult and negotiate with the latter, so as to avoid or eliminate international double taxation triggered by special tax adjustment.

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the commissioned market research report prepared by Frost & Sullivan. We believe that the information has been derived from appropriate sources and have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us or any of our directors, officers or representatives or any other party (other than Frost & Sullivan) involved in this Share Offer nor is any representation given as to its accuracy or completeness. As such, investors are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this prospectus. For further disclosure of the risks relating to our industries, please refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry" in this prospectus.

RESEARCH BACKGROUND AND METHODOLOGIES

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the PRC IT service industry, the PRC big data and AI solution industry, the PRC IT maintenance and support service industry, and the PRC IT hardware and software industry (the "**Relevant Industries**"). The information from Frost & Sullivan disclosed in this prospectus is extracted from the F&S Report. We paid Frost & Sullivan a fee of RMB400,000, which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

The F&S Report includes information on the Relevant Industries as well as other economic data, which have been quoted in this prospectus. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the target market. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and projections contained in this section are derived from the F&S Report, various official government publications and other publications. In compiling and preparing the F&S Report, Frost & Sullivan has adopted the following assumptions: (i) the PRC economy is likely to maintain a steady growth in the next decade; and (ii) the PRC social, economic and political environment is likely to remain stable in the projected period, which ensures the stable and healthy development of the Relevant Industries.

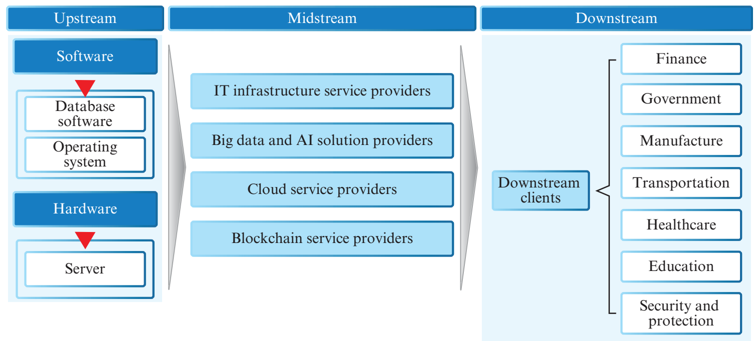
After making reasonable enquiries, our Directors confirm that there has been no material adverse change in the market information presented in the F&S Report since the date of its issuance which may qualify, contradict or impact the information in this section.

We are a market player in the big data and AI solution industry in the PRC, which Frost & Sullivan considers as appropriate, taking into account: (i) the historical growth rate and expected grow potential of the industry; (ii) the nature of our business model and the relationship among our three revenue streams; (iii) the market share of revenue streams in the respective industries; and (iv) our management's long-term strategic development plan as demonstrated through the financial performance of three revenue streams during the Track Record Period. We ranked ninth in the market segment of big data and AI solution providers based in Southern China in terms of revenue derived from provision of big data and AI solutions in 2018 as compiled by Frost & Sullivan. The ranking is determined by Frost & Sullivan, taking into account the following factors: (i) the market share of big data and AI solution providers in the market segment; (ii) the market size and growth rate of the market segment; (iii) the number of the top 100 big data and AI solution providers which have been registered in the Southern China; and (iv) the registration location of our Group. Moreover, we ranked fifth in the market segment of big data and AI solution providers based in Southern China for the PRC financial industry in terms of revenue derived from provision of big data and AI solutions to end users of solutions who are in the financial industry in 2018 as compiled by Frost & Sullivan. The ranking is determined by Frost & Sullivan, taking into account: (i) the penetration rate of big data and AI solution market segment for the PRC financial industry; (ii) the market size and growth rate of the market segment; and (iii) the fact that more than half of the total revenue of our Group in each financial year during the Track Record Period was derived from financial end users of our services. Based on the above bases, we consider the data and statistics reliable.

OVERVIEW OF THE PRC IT SERVICE INDUSTRY

IT services are typically delivered as managed services. They include system development and integration services, software upgrading services, software and hardware maintenance services, IT consulting services, and customised IT solution services. The PRC IT service industry can be categorised into three main segments, namely hardware services, software services and IT solutions.

IT solutions involve the provision of an integrated set of software and hardware products, accompanied with related services. IT solution providers offer on demand services, including IT infrastructure services, IT operation and analytics services, big data and AI services, cloud services, and blockchain services, to the downstream customers, such as enterprises and government departments. The diagram below illustrates the value-chain of the IT solution industry.



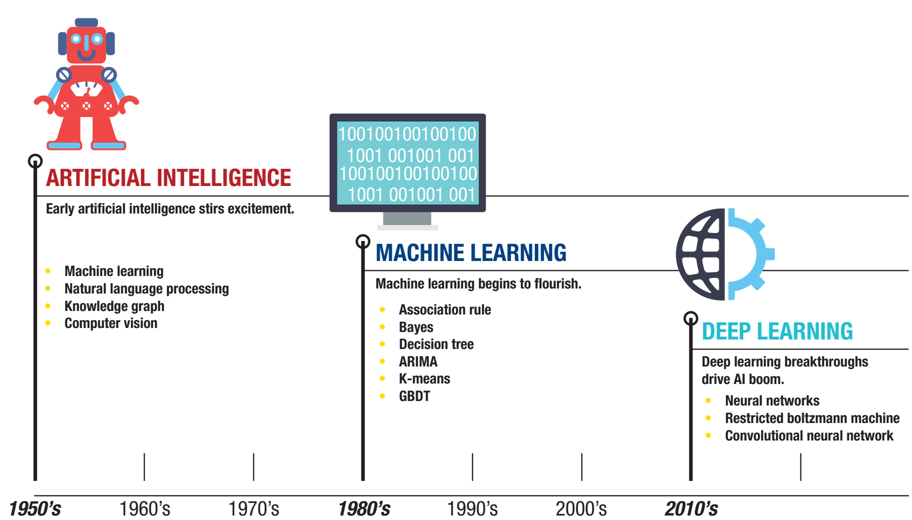
Source: Frost & Sullivan

The value chain of the PRC IT solution industry consists of three parties, namely software and hardware suppliers, IT solution providers, and downstream customers. Upstream suppliers mainly provide software and hardware, including database software, operating systems and servers. This industry is relatively mature and stable, with several players dominating the market in each subsegment. IT solution providers are the midstream players who integrate softwares and hardwares to develop and deliver technology services, including IT infrastructure services, big data and AI services, cloud services, and blockchain services, to downstream customers from various industries. Our Group is in the midstream of the value chain of the PRC IT solution industry and we develop and deliver big data and AI solutions. The financial industry is one of the key customer downstream markets where there has been a sustained strong growth in demand for IT services and technological innovation.

THE PRC BIG DATA AND AI SOLUTION INDUSTRY

Big data is the data in high-volume with a wide range of varieties, which is processed in a cost-effective and very quick way in order to enhance business process automation and decision making. The concept of big data was first introduced in the United States through the development of Hadoop. Since 2013, an increasing number of applications that integrated big data technology with businesses in customer downstream industries have been successfully developed and completed in the PRC. These were an exploration of the applications of big data technologies in customer downstream industries in order to optimise business operations.

AI is the application of advanced analysis and logic-based techniques to perform cognitive functions that are associated with the human mind, such as learning, reasoning, interacting with the environment and problem solving. AI mainly comprises four core technologies, namely computer vision, knowledge graph, machine learning and natural language processing. AI can be applied to intelligent search, robotics, language and image understanding, genetic programming, and other application areas. The diagram below illustrates the relationship among AI, machine learning and deep learning.



Source: Frost & Sullivan

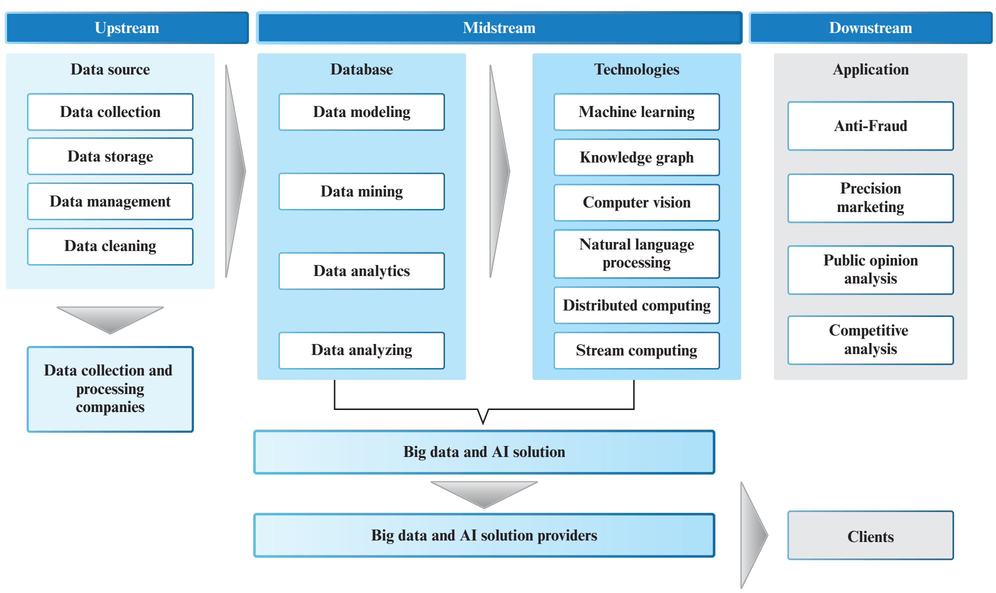
- *Machine learning*. It is a way to implement AI by analysing and using data to learn and make inferences or predictions. Unlike traditional hand-written software that uses a specific instruction set, big data and AI solution providers use a large amount of data and algorithms to train models. Machine learning algorithms include decision tree, association rule and Bayes.
- *Deep learning*. It is a branch of machine learning. Deep learning uses artificial neural networks as the framework to characterise and learn from data. Deep learning algorithms include neural networks, restricted Boltzmann machine and convolutional neural network.

AI is currently in the stage of rapid growth with a large number of AI companies penetrating into the customer downstream market.

In light of intensified market competition and rapid technological advancement, big data and AI solution providers establishing their own AI laboratories will become a key trend in the future. AI laboratories are usually focused on areas that align with the core businesses of big data and AI solution providers. Focusing on gaining industry insights, exploring key problems in the AI field, and developing cutting-edge technologies, AI laboratories allow big data and AI solution providers to continuously refine their big data and AI solutions. Several companies in China have already set up AI laboratories to support research and development of AI solutions. For example, Tencent AI lab, established in April 2016, has over 70 world-class research scientists and 300 experienced application engineers. It is expected that big data and AI solution providers will continuously invest in AI laboratories.

Industry Value Chain

The diagram below illustrates the value chain of the PRC big data and AI solution industry.



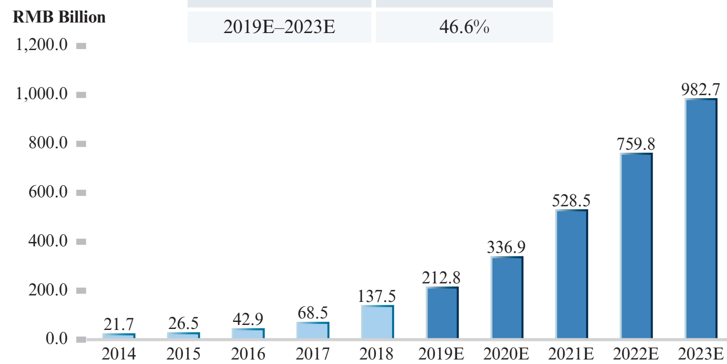
Source: Frost & Sullivan

The value chain of the big data and AI solution industry comprises: (i) organisations that possess and generate large amount of data in their course of operations; (ii) data cleaning and processing service providers; (iii) big data and AI solution service providers; and (iv) downstream customers with various applications.

- *Upstream organisations*. Government departments, financial institutions and other enterprises are the sources of data. They constantly receive, generate or create data in their course of operations. Data collection and processing service providers collect, clean and store data generated by upstream organisations, deriving useful and meaningful data to form big data databases. This market is relatively mature with dominating major players. For example, SAS, a multinational developer of big data and AI analytics software, provides data analytics software to 99 out of the top 100 global banks using data analytics software which optimises and enhances operational efficiency.
- *Midstream big data and AI solution providers*. They offer a wide range of customised and integrated solutions by utilising big data and AI technologies, modelling and analytics. Our Group is in the midstream of the value chain of big data and AI solution industry whose solutions primarily comprise data infrastructure solutions and analytics solutions.
- *Downstream customers*. They have diversified demands for big data and AI solutions, including anti-fraud, precision marketing, public opinion analysis, crisis identification, competitive analysis, product analysis and other applications.

The chart below sets forth the historical and expected market size of the big data and AI solution industry in the PRC from 2014 to 2023.

Period	CAGR
2014–2018	58.7%
2019E–2023E	46.6%

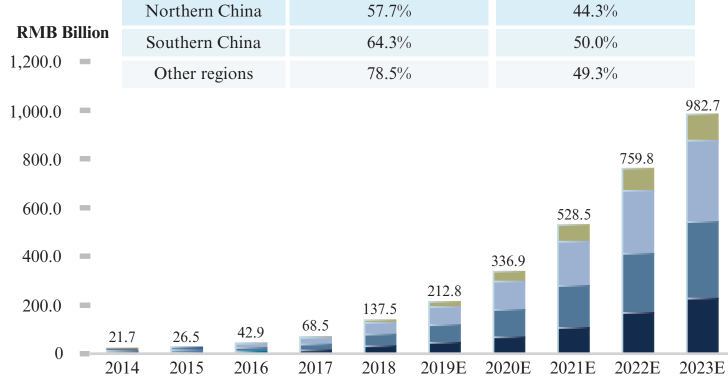


Source: Frost & Sullivan

Market size of the big data and AI solution industry increased rapidly from 2014 to 2018 at a CAGR of 58.7%. The key market drivers include government support, growing demands from customer downstream industries, and technological advancement. The advancement in big data and AI technologies is expected to continuously drive the big data and AI solution market to sustain growth, with its market size to increase from 2019 to 2023 at a CAGR of 46.6%.

The chart below sets forth a breakdown of the historical and expected market size of the PRC big data and AI solution industry by region between 2014 and 2023.

CAGR	2014–2018	2019–2023E
Eastern China	53.5%	45.8%
Northern China	57.7%	44.3%
Southern China	64.3%	50.0%
Other regions	78.5%	49.3%



	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Other Areas	1.1	1.4	2.4	3.9	11.0	21.7	40.8	68.9	91.2	108.1
Eastern China	8.7	10.6	17.0	26.9	48.1	74.0	116.2	181.0	258.3	334.1
Northern China	7.7	9.4	15.1	23.9	47.8	72.5	112.4	172.7	243.1	314.4
Southern China	4.2	5.2	8.4	13.6	30.6	44.6	67.4	105.8	167.2	226.1

Other Areas   Eastern China   Northern China   Southern China

Source: Frost & Sullivan

The market demands for big data and AI solutions industry are highly concentrated in the eastern, northern and southern parts of the PRC, which accounted for approximately 35.0%, 34.8% and 22.2% of the total market demands in China in 2018, respectively. This is mainly due to strong demands in Shanghai, Beijing, Guangzhou and Shenzhen, whose economies are most developed and which have most of growing downstream applications of big data and AI solutions in China. It is expected that the eastern, northern and southern parts of the PRC will continue to dominate the PRC big data and AI solution industry, accounting for 34.0%, 32.0% and 23.0% of the total market size in 2023, respectively.

From 2014 to 2018, the price per data solution increased, mainly attributable to technological advancements such as the development of computing capabilities and advanced algorithms, as well as increased complexity of solutions for various business scenarios. It is expected that there will be a slight increase in price per data solution in 2023.

Market Segment of Big Data and AI Solutions of the PRC Financial Industry

The charts below illustrate the historical and expected market share in respect of big data and AI solutions for the PRC financial industry versus those for other customer downstream industries in 2018 and 2023, respectively.

Source: Frost & Sullivan

The PRC financial industry comprises mainly banks, securities firms, insurance companies, fund houses and trust companies. In 2018, the big data and AI solutions for this customer downstream industry accounted for 14.8% of the PRC big data and AI solution industry with a market size of RMB20.4 billion. The size of the market segment increased at a CAGR of 51.0% between 2014 and 2018. Due to the growing demands for precision marketing solutions and risk management solutions, the market share of the big data and AI solutions market for the PRC financial industry is expected to rise to 19.5% in 2023 with an estimated market size of RMB192.1 billion. The size of this market segment is expected to increase at a CAGR of 56.9% between 2019 and 2023.

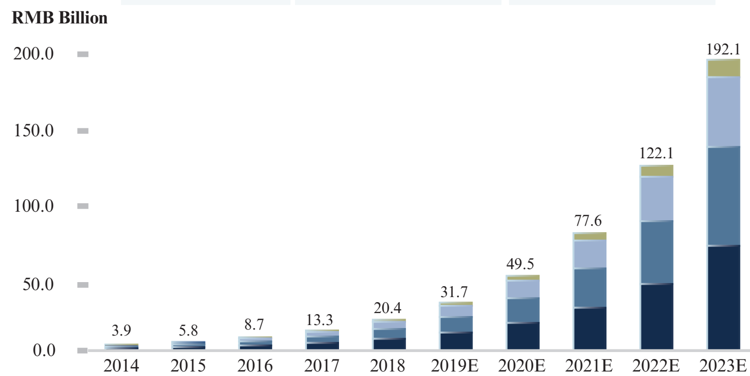
Banks and financial institutions prefer to engage external vendors for the development of data infrastructure and data analytics solutions, mainly because (i) solution providers are more professional, knowledgeable, and experienced in developing customised big data and AI solutions to address complicated scenarios; (ii) it is faster to purchase solutions from external vendors as companies need to conduct market research and feasibility studies before developing solutions in-house, which are time consuming; and (iii) banks and financial institutions, especially those of small- or medium-size, have limited skills and resources for in-house solution development.

It is an industry norm that banks and financial institutions generally procure data solutions at two levels: (i) head offices conduct centralised procurements of standardised solutions for the corporate level usage which are to be consistently applied to all branches of the banks and financial institutions, and (ii) branch offices make procurement from different service providers to suit specific local needs. In general, these service providers follow the standardised group policies of the banks and financial institutions to carry out their services.

Market Segment Size and Outlook

The chart below sets forth a breakdown of the historical and expected market size of the big data and AI solution for the PRC financial industry by regions from 2014 to 2023.

CAGR	2014–2018	2019–2023E
Eastern China	49.3%	55.3%
Southern China	51.2%	56.9%
Northern China	52.9%	58.1%
Other regions	46.3%	52.3%



	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Other Areas	0.3	0.4	0.7	1.0	1.4	2.1	3.2	4.9	7.3	11.5
Northern China	0.9	1.3	2.0	3.0	4.7	7.4	11.6	18.4	29.3	46.1
Southern China	1.2	1.8	2.7	4.2	6.5	10.3	16.3	26.0	41.5	65.3
Eastern China	1.6	2.3	3.4	5.1	7.8	11.9	18.3	28.3	44.0	69.2

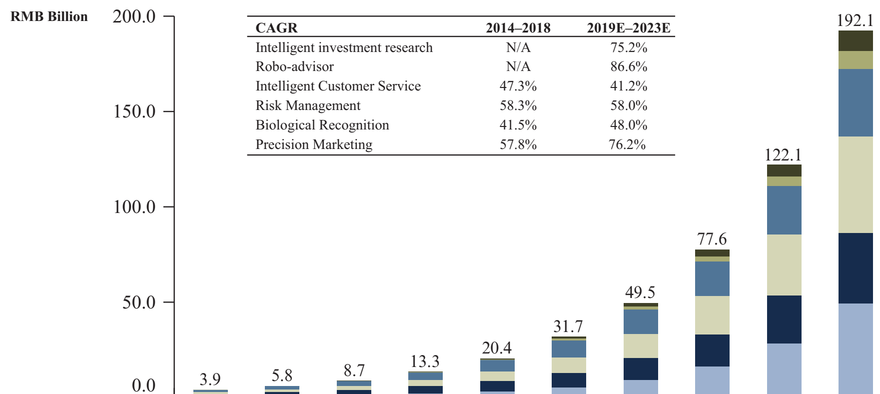
Other Areas   Northern China   Southern China   Eastern China

Source: Frost & Sullivan

With the increasing complexity of big data and AI technologies, downstream customers have gradually shifted their demands from individual products to integrated solutions. Furthermore, with their proximity to upstream companies hardware and software suppliers, big data and AI solution providers generally have higher bargaining power to purchase technology infrastructures, allowing them to offer integrated solutions at a competitive price. Our Group is strategically focused on the PRC big data and AI solution market and the majority of end users of our big data and AI solutions are in the PRC financial industry.

In 2018, the market demands in the eastern, northern and southern parts of China for big data and AI solutions in the PRC financial industry accounted for approximately 38.0%, 23.0% and 32.0% of the total market demands, respectively. Shanghai is the financial hub of the PRC, which has a large number of headquarter offices of banks and financial institutions, and attracts foreign investments with its booming economy and highly skilled and educated labour force. The city also thrives to become the global financial centre, which is an important driver for increasing demands for big data and AI solutions in Shanghai and the industry growth of eastern China. In addition, the PRC government unveiled the development plan of the "Greater Bay Area", which aims to "further enhance and support a leading role of Guangdong-Hong Kong-Macau Greater Bay Area in the national economic development and opening up". It becomes an important booster for the growth of the financial markets in Guangdong Province, Hong Kong and Macau.

Market Size of Big Data and Al Solution in Financial Industry Breakdown by Solutions (China), 2014-2023E



CAGR	2014–2018	2019E–2023E
Intelligent investment research	N/A	75.2%
Robo-advisor	N/A	86.6%
Intelligent Customer Service	47.3%	41.2%
Risk Management	58.3%	58.0%
Biological Recognition	41.5%	48.0%
Precision Marketing	57.8%	76.2%

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Intelligent investment research	0.0	0.0	0.1	0.3	0.6	1.1	2.0	3.6	6.2	10.8
Robo-advisor	0.0	0.0	0.0	0.1	0.4	0.8	1.5	2.8	5.1	9.2
Intelligent Customer Service	1.3	1.8	2.7	4.0	5.9	8.9	12.7	18.0	25.4	35.4
Risk Management	0.8	1.3	2.1	3.2	5.0	8.1	12.8	20.1	31.9	50.6
Biological Recognition	1.3	1.9	2.6	3.8	5.4	7.7	11.4	16.9	25.1	37.0
Precision Marketing	0.5	0.8	1.2	2.0	3.1	5.1	9.1	16.1	28.3	49.2

Intelligent investment research　Robo-advisor　Intelligent Customer Service
Risk Management　Biological Recognition　Precision Marketing

Source: Frost & Sullivan

In 2018, intelligent customer service, risk management, biological recognition, precision marketing accounted for approximately 28.9%, 24.7%, 26.3% and 15.4% of the PRC financial AI solution service market, respectively, mainly due to their relatively mature technologies and broader application scenarios. For example, in terms of biological recognition, facial recognition and iris recognition technologies are fairly mature, which have now been used in the financial industry. In 2023, precision marketing and risk management are expected to be the biggest submarkets in this industry, accounting for about 25.6% and 26.3% of the PRC financial AI solution service market, respectively. Financial institutions have gradually realised the significance of scenario-based financial consumption, which requires the application of AI technology to help financial institutions locate potential customers and understand their needs. Such demands drive the development of precision marketing applications. Hence, this submarket is expected to increase from RMB5.1 billion in 2019 to RMB49.2 billion in 2023, at a CAGR of 76.2%. As for risk management, traditional financial institutions have mostly relied on offline risk management methods, with limited experience in the construction of automated monitoring systems. Such limitation lead to the insufficient capability of risk detection and early-warning of these financial institutions. In the future, financial institutions will utilize AI technologies to enhance risk management. Thus, the market segment of risk management is expected to grow from RMB8.1 billion in 2019 to RMB50.6 billion in 2023, at a CAGR of 58.0%.

Cost Structure of Big Data and AI Solutions

Labour cost, raw material cost and consulting service fee are the main cost components. Labour cost mainly comprises employee benefit expense and subcontracting service fee. Employee benefit expense varies depending on the number of technical staff and their work experience. Remunerations for skilled and experienced staff are significantly higher than those for the entry-level staff. Subcontracting service fee is paid for subcontractors in relation to the provision of unsophisticated tasks and supplemental supports. Labour cost increased in the past few years, mainly attributable to the rising average wage of employees in the PRC and the shortage of high-end talents in the industry.

Raw material cost mainly consists of costs of hardware products, data analytics and mining software, and basic modules for implementation services. Raw material cost decreased in the past few years, mainly due to bulk purchases of hardware and software as well as more standardized materials. Consulting service fee mainly refers to the costs for design of solution frameworks, system testing and provision of after-sale services. Consulting service fee increased in the past few years, mainly due to the rising wage level of employees in the PRC.

Market Drivers for the PRC Big Data and AI Solution Industry

- *Advancements of big data and AI technologies*. The advancements in big data and AI technologies enabled a wider range of applications in the customer downstream industries. The advancements in AI technologies significantly increased the accuracy of biological recognition, which can reduce the potential risks of fraud. Some industries, especially the financial industry, place great emphasis on transaction security, and are more willing to adopt big data and AI technologies. This emphasise our security and willingness for technologies drive the demand for big data and AI solutions.
- *Strong government support*. The PRC government released a series of policies to encourage the development of big data and AI solutions. In 2015, the State Council issued the "Action Plan for Promoting Big Data" (《促進大數據發展行動綱要》) as the PRC adopted the development of big data technologies as a national strategy. The plan promotes the collection, analysis and utilization of big data including Internet finance, data services, data chemistry and data materials with the aim of driving industry innovation and business model transformation. In 2017, the State Council issued the "New Generation AI Development Plan" (《新一代人工智能發展規劃》), seeking to improve the technology and science innovation ability by supporting the development of AI theoretical system and improvement of AI algorithm and modelling ability in China. It promotes the adoption of AI technologies in downstream industries including finance, manufacturing, agriculture, logistics and commerce. For example, the PRC financial industry was encouraged to establish big data systems to improve financial data processing, client management, and intelligent risk management. In response to the national big data development strategy, local governments released a series of policies and constructed big data centres to foster the development of big data and AI technologies in customer downstream industries.
- *Increasing demands from small and medium sized enterprises*. Sizeable organisations have more resources and are able to better respond to the industry innovation. They tend to have adopted big data and AI technologies at an earlier stage. With the growing maturity of big data and AI technologies, the cost of adoption and application decreases, allowing small and medium sized organisations to engage in digital transformation to strengthen their competitiveness.
- *Strong demands from financial institutions*. The financial industry is a major target of big data and AI solution providers. Furthermore, to improve the risk management capabilities and better serve the PRC economy, the China Banking Regulatory Commission issued "Guideline for Risk Management in Banking Industry" ("銀行業金融機構全面風險管理指引") in 2016, proposing that the PRC banking industry shall implement risk management systems. The incentive to utilise such data to improve efficiency, enhance risk management capabilities to automate operations, and provide differentiated services, encourage their adoption of big data and AI technologies.

Entry Barriers to the PRC Big Data and AI Solution Industry

- *Qualification barrier*. Organisations, especially the financial institutions, put significant emphasis on qualifications in selecting big data and AI solution providers. They evaluate a wide range of factors, including scale of operation, technical level, industry experience and historical track record. The qualification requirements for sizeable organisations are even more stringent. This creates entry barrier to small and medium sized solution providers and potential entrants with limited project experience.
- *Talent barrier*. There is a limited pool of skilled and experienced talents with both extensive technical skills in provision of big data and AI solutions, and a deep understanding of the application scenarios in customer downstream industries. This creates a barrier of entry to small and medium sized solution providers who are less capable of attracting qualified talents.
- *Technology barrier*. The ability to utilise cutting-edge big data and AI technologies to business scenarios is critical to a big data and AI solution provider. It is also imperative to possess comprehensive capabilities to offer a full range of solutions. Downstream customers have an increasing concern over system security and stability. It poses challenge for less resourceful new entrants with less technological capabilities to tap into the market.

Competitive Landscape of the PRC Big Data and AI Solution Industry

With a significant number of approximately 1,500 data solution providers in the market, the PRC big data and AI solution market is highly fragmented. This is mainly due to the strong government support on the integration of big data and AI technologies with customer downstream industries. Moreover, the rapid advancements in big data and AI technologies enabled a wider range of applications in the customer downstream industries. An increasing number of companies utilise the relevant applications, which drives market demand. The top five market players had an aggregate market share of approximately 9.6% and we had a market share of approximately 0.06% in term of revenue contributed through provision of big data and AI solutions in 2018. The key market players of the PRC big data and AI solution industry are summarised as below. Due to extensive experience and high quality services, our revenue is expected to further grow.

- *Company A*. The company is listed in Hong Kong with headquarters in Beijing. It provides IT solution services, IT consulting services, cloud services, and IT outsourcing services to customer downstream industries, including finance, transportation and telecommunication. The company has accumulated experience in the financial industry for many years and has developed big data and AI solutions with regard to risk management and business intelligence.

- *Company B*. The company is listed in Shanghai with headquarters in Hangzhou. The company sells hardware products, as well as offers tailored and integrated services and solutions, to banks, financial institutions, securities companies, funds, trust companies and insurance companies. It is focused on developing wealth and asset management tools with big data and AI technologies.
- *Company C*. It is a global company headquartered in Beijing. The company offers risk management, customer relationship management, statistical analysis and performance assessment solutions, and IT outsourcing services to state-owned commercial banks and joint-equity commercial banks. The company had been a listed company but was delisted since 2014.
- *Company D*. It is a global company headquartered in Beijing. It is one of the leading companies in the provision of integrated IT solutions, application development and maintenance services, and IT consulting services in the PRC, with a key focus on the provision of AI solutions in the banking industry. The company had been a listed company but was delisted in 2014.
- *Company E*. The company is listed in Shenzhen with headquarters in Beijing. It mainly provides intelligent transportation solutions and intelligent security solutions, as well as sells hardware and software products, to key downstream customers. The company currently owns more than 2,000 individual intellectual property rights.

Ranking	Company	Revenue *(RMB million)*	Market share
1	Company A	3,697.6	2.7%
2	Company B	2,577.0	1.9%
3	Company C	2,452.0	1.8%
4	Company D	2,408.0	1.8%
5	Company E	1,984.7	1.4%

Southern China is one of the most developed regions in the PRC, with the 2018 GDP of RMB12.2 trillion. Guangdong Province is the most developed in the Southern China region, as well as the entire country, with the 2018 GDP of around RMB9.7 trillion and the number of publicly listed companies in that province ranking first in the PRC. The growing demand for applications of big data and AI technologies from customer downstream industries has led to an increasing number of big data and AI solution providers to enter into the Southern China market. In 2018, there are approximately 500 big data and AI solution providers. The market segment showed a low concentration. The key market players based in this market segment are summarised as below.

- *Company F*. The company was established in 1998 with headquarters in Shenzhen and was then listed in Shenzhen. It offers IT maintenance and support services to more than 100 customers in the financial industry, applying big data and AI solutions to services for investment, private equity and asset management. The company increased research and development investment in new technologies such as big data, AI, blockchain and cloud computing, and utilises these technologies for the financial industry including securities companies, funds, banks and insurance companies.
- *Company G*. The company is headquartered and publicly listed in Shenzhen. It offers core business system solutions to financial companies including commercial banks and insurance companies. With independent innovation capability, flexible customisation capability and high-quality after-sales service, the company provides intelligent financial IT solutions for more than 400 customers worldwide. The company also provides big data and AI solutions such as credit card management and risk management for the financial industry worldwide.
- *Company H*. The company is based in Shenzhen. The company cooperate with well-known domestic and foreign manufacturers and is committed to providing comprehensive IT solutions and services for the industries of finance and telecommunication.
- *Company I*. The company is listed in Shenzhen with headquarters in Zhuhai. The company offers integrated IT services to banks and financial institutions. By using big data and AI technologies, the company has developed diversified intelligent banking solutions for a large number of well-known customers.
- *Company J*. The company is listed in Shenzhen. The company has three key business sectors comprising mobile Internet services, operational support system services, and big data and AI solution services. It provides big data and AI solutions to key downstream industries including telecommunication, finance and government. The company currently owns over 300 software copyrights or invention patents.
- *Company K*. The company is listed in Shenzhen with headquarters in Zhuhai. The company adopts cloud computing, Internet of Things, big data and AI technologies, integrating software and hardware, and aims to provide industry solutions and services including intelligent fuel control for large-scale companies in the industries of energy, aerospace and rail transit.

We are based in southern China, and were ranked 9th in terms of revenue derived from provision of big data and AI solutions in 2018. Since the penetration rate of big data and AI solutions that we provide in the customer downstream industries is expected to further increase, our revenue is expected to further grow.

Big data and AI technologies are effective on the applications of precision marketing solutions, risk management solutions and investment management solutions, thereby increasingly used by banks and financial institutions. Under the proposed government policy, banks would be required to implement risk management systems. In order to strengthen competitiveness, an increasing number of small and medium sized financial institutions are expected to utilise the applications of big data and AI solutions, thereby driving the supply of such solutions in the market. The market segment of big data and AI solutions in the Southern China for the financial industry reached RMB20.4 billion in 2018.

The top five market players in this market segment had an aggregate market share of 7.6%, representing a relatively low market concentration. The table below sets forth the top five companies based in Southern China in terms of revenue derived from provision of big data and AI solutions to end users in the financial industry in 2018.

Ranking	Company	Revenue [(1)]	Market Share
		(RMB million)	
1	Company F	620.0	3.0%
2	Company G	530.0	2.6%
3	Company H	240.0	1.2%
4	Company I	94.0	0.5%
5	Our Group	54.3	0.3%

Source: Frost & Sullivan

Note:

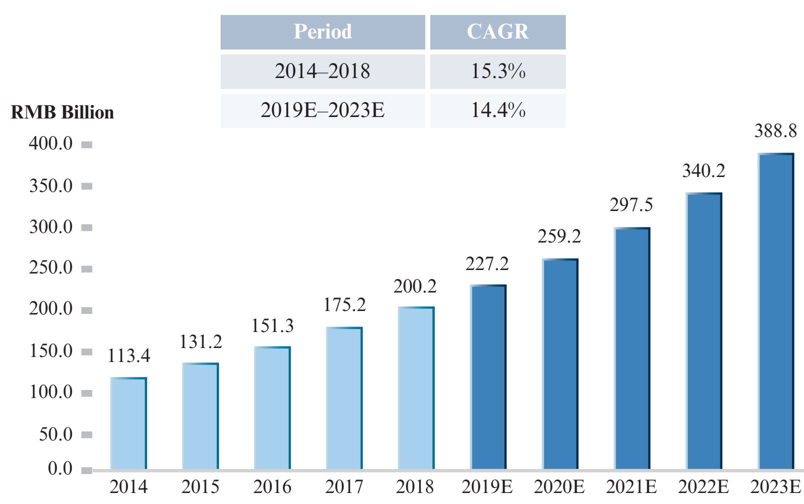
(1) It only represents revenue derived from the provision of big data and AI solutions to end users in the PRC financial industry.

With the revenue derived from provision of big data and AI solutions to end users of our data solutions who are in the financial industry being RMB54.3 million in 2018, we ranked fifth in this market segment in 2018. We expect our market share to grow further as a result of our strong customer loyalty and the accumulation of more successful cases in the PRC finance industry.

THE PRC IT MAINTENANCE AND SUPPORT SERVICE INDUSTRY

Market Outlook

IT maintenance and support services refer to the comprehensive management of IT systems, technical personnel and IT operating environment, including hardware, software and network environment, by applying technologies. The role of such services is to manage and maintain IT systems in the enterprises. The chart below shows the historical and expected market size of IT maintenance and support service from 2014 to 2023.



Source: Frost & Sullivan

The size of the PRC IT maintenance and support service market increased from 2014 to 2018 at a CAGR of 15.3%. We have a market share of 0.02% in this industry. The continuous growth of digital transformation business operations has led to increasing demand for IT system maintenance and support services. It is estimated that this market will sustain continuous growth at a CAGR of 14.4% from 2019 to 2023.

Market Drivers for the PRC IT Maintenance and Support Service Industry

- *Increasing market share of domestic IT maintenance and support service providers*. Some companies build their own IT maintenance and support service teams to deal with simple operation and maintenance problems, while professional IT maintenance and support service providers are able to effectively solve more sophisticated problems. In the past 5 years, the IT maintenance and support service market was dominated by international providers. Currently, large domestic IT service providers have increased their market share in the PRC. In the future, the localisation of IT service providers will break the monopoly situation, and the market share of domestic IT maintenance and support service providers is expected to continuously increase, which is mainly due to the following reasons: (i) SMEs, which accounted for more than 95% of all companies in the PRC, have limited budgets and therefore are more willing to purchase solutions from domestic IT service providers; and (ii) domestic IT service providers are more familiar with local markets and offer more customised solutions to meet customers' demands in the PRC.
- *Operational efficiency*. IT maintenance and support service providers can provide enterprise customers with comprehensive management, typically involving management and maintenance of hardware, software and network environment. They implement relevant technologies across the entire business of customers, thereby guaranteeing the monitoring systems are operated at the best running state. Thus, IT maintenance and support service can help users improve their operational efficiency.

Entry Barriers to the PRC IT Maintenance and Support Service Industry

- *Capital barrier*. Most of the existing IT service providers have already accumulated abundant capital and resources. New entrants and start-up enterprises have to invest more to provide equivalent services and products, as well as to establish their market reputation and influence. Meanwhile, with the expansion of enterprise customers and increasing contents of services, their demand for capital has also increased. Insufficient capital investment would limit such services provider's growth.
- *Talent resource barrier*. IT maintenance and support services require professional personnel to deliver technical support while the system detects any problem during operation. Such services require technical staff with expertise and knowledge in technology research and management. In the meantime, the rapid development of technologies has become a driving force for technical staff to update their professional knowledge and technical expertise. Due to the low number of technical staff with expertise and knowledge in technology research and management, it is relatively difficult for new entrants to establish a talent pool with sufficient capabilities.

Competitive Landscape of the PRC IT Maintenance and Support Service Industry

The top five market players in the PRC IT maintenance and support service industry had an aggregate market share of 17.6%, representing a relatively low level of concentration. An international conglomerate, Company L, ranked 1st in this industry in 2018, with revenue of approximately RMB13.3 billion. We have a market share of 0.02% in this industry.

Ranking	Company	Revenue *(RMB billion)*	Market Share
1	Company L	13.3	6.6%
2	Company M	9.8	4.9%
3	Company N	6.1	3.0%
4	Company O	3.4	1.7%
5	Company P	2.9	1.4%

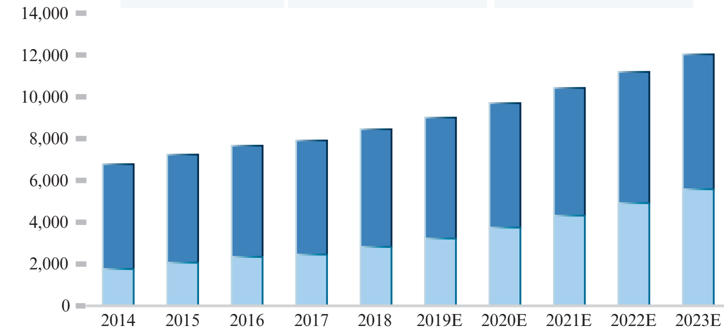
THE PRC IT HARDWARE AND SOFTWARE INDUSTRY

Market Outlook

IT hardware includes computers, servers and electronic accessories. IT software refers to a series of computer data and instructions organised in a specific order. It includes operating system, database, middleware and application software, such as financial IT software, business intelligence, information security, industry information software. The chart below sets forth the historical and expected market size of IT hardware and software industry from 2014 to 2023.

CAGR	2014–2018	2019–2023E
IT Hardware	2.9%	2.8%
IT Software	12.5%	14.7%

RMB Billion



	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
IT Hardware	5,016.9	5,172.1	5,321.1	5,459.4	5,628.7	5,786.3	5,954.1	6,108.9	6,276.9	6,452.6
IT Software	1,759.4	2,063.7	2,339.7	2,450.0	2,817.5	3,217.6	3,742.1	4,314.6	4,914.3	5,578.2

IT Hardware IT Software

Source: Frost & Sullivan

Benefiting from industrial upgrading and policy support during the 13th Five-Year Plan period, the PRC IT hardware and software industry witnessed a sustained growth from 2014 to 2018. Our Group has a market share of 0.0007% in this industry. With the rapid development of new technology industries such as big data, AI and cloud computing, and the expansion of downstream application scenarios, the market size of IT hardware and IT software in the PRC is expected to increase at a CAGR of 2.8% and 14.7% from 2019 to 2023, respectively.

Market Drivers for the PRC IT Hardware and Software Industry

- *Increasing market demand from SMEs*. There are a great number of conglomerates as well as SMEs in China. With the industrial transformation, enhancing digitalisation for a company is becoming increasingly essential. Besides the strong demand from conglomerates, there is an increasing number of SMEs demanding cloud services to improve their operational and management efficiency in recent years, which is expected to drive the growth of IT hardware and software market in the PRC.
- *Efficiency from hardware and software products*. As a result of the rapid economic growth and industrial and economic transformation in the PRC, all industries require more advanced IT support from IT hardware and softwares for the purposes of improving working efficiency and optimizing business process. The rising demand for IT supporting service is driving the growth for relevant hardware and software products, resulting in the growth of hardware and software industry.

Entry Barriers to the PRC IT Hardware and Software Industry

- *R&D capability and industry know-how*. Due to the rapidly changing downstream applications, IT hardware and software companies are required to keep up with the newest technological trends and constantly adjust their research and development to meet the needs of customers. This requires companies to have strong research and development capabilities and be equipped with the appropriate level of resources, such as enough high-quality technical talents. Technology barriers are therefore believed to be substantial.
- *Value chain barriers*. The industry has a mature and stable value-chain which may present barriers for new entrants to the market. New entrants may have difficulties in building up relationships with qualified suppliers, acquiring suitable customers, and earning a favourable position when bargaining with suppliers and customers.

Competitive Landscape of the PRC IT Hardware and Software Industry

The PRC IT hardware and software industry witnessed a sustained growth, due to the industry upgrading and transformation . With the rapid development of new technological industries such as big data, AI and cloud computing, as well as the expansion of downstream application markets, the market size is expected to grow in the future. A leading domestic telecommunications equipment vendor with a market share of 3.0% ranked 1st in 2018. Our group has a market share of 0.0007% in this industry.

Ranking	Company	Revenue *(RMB million)*	Market share
1	Company Q	252.4	3.0%
2	Company R	62.5	0.7%
3	Company S	55.6	0.7%
4	Company T	46.0	0.5%
5	Company U	40.8	0.5%

OVERVIEW

Our history can be traced back to 25 March 2004 when Suoxinda Shenzhen was established. Upon its establishment, the business focus of Suoxinda Shenzhen was IT maintenance and support services as well as sales of hardware and software and related services. Mr. Song (our chairman, executive Director and a Controlling Shareholder) joined Suoxinda Shenzhen as a sales manager in June 2004. As the two former shareholders, who are Independent Third Parties, decided to dispose of their interests in Suoxinda Shenzhen for personal reasons, Mr. Song and Mr. Wu acquired 50% and 30% of the equity interests of Suoxinda Shenzhen by their own capital from the two former shareholders, respectively on 11 May 2006. For further disclosure, please refer to the section headed "History and Reorganisation — Our Company and Major Subsidiaries — Suoxinda Shenzhen" in this prospectus.

For disclosure on the history of our business, please refer to the section headed "Business — Overview" in this prospectus.

MAJOR MILESTONES

The following sets out the major milestones of our business:

Year	Business activity
2011	Suoxinda Shenzhen was recognised as a National High and New Technology Enterprise in the PRC.
2013	We commenced provision of big data solutions.
2015	We began to utilise AI technology in our solutions.
2016	Suoxinda Shenzhen commenced the listing of its shares on the NEEQ.
	We established Suoxinda Beijing in Beijing, the PRC.
2018	Suoxinda Shenzhen completed voluntary delisting from, and cessation of trading its shares on the NEEQ.
	Suoxinda Beijing was recognised as a National High and New Technology Enterprise in the PRC.

OUR COMPANY AND MAJOR SUBSIDIARIES

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company on 6 December 2018. Upon completion of the Reorganisation, our Company became the holding company of our Group. For further details, please refer to the subsection headed "History and Reorganisation — Reorganisation" in this prospectus.

Suoxinda Shenzhen

Suoxinda Shenzhen is the principal operating subsidiary of our Group, which is engaged in the provision of data solution, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services. The company was established in Shenzhen, the PRC with limited liability on 25 March 2004 with an initial paid-up registered capital of RMB1.0 million by two Independent Third Parties. The Company has three branches in Hangzhou, Shanghai and Guangzhou, which were established on 2 September 2013, 4 September 2013 and 9 November 2018, respectively.

On 11 May 2006, Mr. Song acquired 50% of equity interests in Suoxinda Shenzhen from one of the two former shareholders, who are Independent Third Parties, at the consideration of RMB1.5 million in cash, and on the same day, Mr. Wu acquired 10.00% and 20.00% (an aggregate of 30.00%) of equity interests in the Suoxinda Shenzhen from the two former shareholders at the consideration of RMB0.3 million and RMB0.6 million in cash, respectively based on their actual paid-up capital. Immediately after the legal completion of the said acquisition on 16 May 2006, the entire equity interests of Suoxinda Shenzhen were owned by Mr. Song, Mr. Wu and a former shareholder as to 50.00%, 30.00% and 20.00%, respectively.

Subsequent to the acquisition of equity interests in Suoxinda Shenzhen by Mr. Song and Mr. Wu in 2006, Suoxinda Shenzhen has undergone four capital increases of its paid-up capital from RMB3 million to RMB30.01 million, which were legally completed on 18 December 2009, 18 May 2010, 24 January 2011 and 29 January 2013, respectively. Immediately after the said capital increases, the entire equity interests of Suoxinda Shenzhen were owned by Mr. Song, Mr. Wu and a former shareholder, who is an Independent Third Party, as to 49.90%, 38.12% and 11.98%, respectively.

On 5 December 2014, Mr. Song further acquired 11.98% and 20.62% of equity interests from a former shareholder who is an Independent Third Party and Mr. Wu at the cash consideration of approximately RMB3.6 million and RMB6.2 million, respectively based on their actual paid-up capital. Immediately after the legal completion of the said acquisition on 29 December 2014, the entire equity interests of Suoxinda Shenzhen were owned by Mr. Song and Mr. Wu as to 82.5% and 17.5%, respectively.

On 14 September 2015, Shenzhen Shuxi invested RMB5 million in Suoxinda Shenzhen based on the net asset value of Suoxinda Shenzhen stated in its audited report in the financial year of 2014, among which, RMB3.3 million was injected as registered capital and the rest amount was kept as capital reserve of Suoxinda Shenzhen. Shenzhen Shuxi(1) was a limited partnership owned as to 76.2% by Mr. Song as its general partner and 23.8% by 16 employees of Suoxinda Shenzhen as its

Note:

(1) Shenzhen Shuxi has undergone a series of changes in its ownership after its acquisition of equity interests in Suoxinda Shenzhen. On 6 November 2018, Mr. Song disposed his entire interest of 0.16% in Shenzhen Shuxi and Shenzhen Shuxi was wholly owned by five employees of Suoxinda Shenzhen.

limited partners. Immediately after the legal completion of the said increase of capital on 8 October 2015, the entire equity interests of Suoxinda Shenzhen were owned by Mr. Song, Mr. Wu and Shenzhen Shuxi as to approximately 74.32%, 15.77% and 9.91%, respectively.

In preparation for listing on the NEEQ, Suoxinda Shenzhen was converted into a PRC joint stock limited company on 25 December 2015. On 1 August 2016, Suoxinda Shenzhen was listed and commenced trading of its shares on the NEEQ with the stock code 838136. During the period when Suoxinda Shenzhen was listed on the NEEQ, Suoxinda Shenzhen had several shareholding changes through the trading and settlement system of the NEEQ and allotment of new shares at its prevailing market prices as set out below.

(a) On 31 August 2017, Ms. Cao, who is an Independent Third Party, acquired 333,000 shares of Suoxinda Shenzhen through the NEEQ from Mr. Song at the price of RMB6 per share. As at 31 August 2017, the total number of issued shares was 33,310,000. Immediately after the said acquisition of shares, the entire issued share capital of Suoxinda Shenzhen was owned by Mr. Song, Mr. Wu, Shenzhen Shuxi and Ms. Cao as to approximately 73.32%, 15.77%, 9.91% and 1.00%, respectively.

(b) Mr. Song transferred 166,000 shares, 333,000 shares and 168,000 shares of Suoxinda Shenzhen to a former shareholder, who is an Independent Third Party, at RMB6.00 per share on 5 September 2017, 18 September 2017 and 20 September 2017, respectively. Immediately after the said transfer of shares, the entire issued share capital of Suoxinda Shenzhen was owned by Mr. Song, Mr. Wu, Shenzhen Shuxi, Ms. Cao and the former shareholder as to approximately 71.32%, 15.77%, 9.91%, 1.00% and 2.00%, respectively.

(c) On 27 February 2018, Mr. Song transferred 1,000 shares of Suoxinda Shenzhen to another former shareholder, who is an Independent Third Party, at RMB6.01 per share. Immediately after the said transfer of shares, the entire issued share capital of Suoxinda Shenzhen was owned by Mr. Song, Mr. Wu, Shenzhen Shuxi, Ms. Cao and two former shareholders, who are Independent Third Parties, as to approximately 71.32%, 15.77%, 9.91%, 1.00% and 2.00%, respectively.

(d) On 28 February 2018, Shenzhen Shuxi acquired 800,000 shares of Suoxinda Shenzhen from Mr. Song at the price of RMB6.00 per share. Immediately after the said acquisition of shares, the entire issued share capital of Suoxinda Shenzhen was owned by Mr. Song, Mr. Wu, Shenzhen Shuxi, Ms. Cao and two former shareholders, who are Independent Third Parties, as to approximately 68.92%, 15.77%, 12.31%, 1.00% and 2.00%, respectively.

(e) On 7 June 2018, Suoxinda Shenzhen allotted 666,667 new shares of Suoxinda Shenzhen to Shenzhen Anyin at RMB15.00 per share. Shenzhen Anyin is an Independent Third Party focusing on investment activities. As at 7 June 2018, the issued share capital of Suoxinda Shenzhen was increased to RMB33,976,667 and was owned by Mr. Song, Mr. Wu, Shenzhen Shuxi, Shenzhen Anyin, Ms. Cao and two former shareholders, who are Independent Third Parties, as to approximately 67.57%, 15.46%, 12.07%, 1.96%, 0.98% and 1.96%, respectively.

(f) On 20 July 2018 and 7 August 2018, Mr. Song acquired the 667,000 shares and 1,000 shares of Suoxinda Shenzhen from each of the two former shareholders, who are Independent Third Parties, at the price of RMB6.00 per share and RMB10.00 per share, respectively. Immediately after the said acquisition of shares, the entire issued share capital of Suoxinda Shenzhen was owned by Mr. Song, Mr. Wu, Shenzhen Shuxi, Shenzhen Anyin and Ms. Cao as to approximately 69.53%, 15.46%, 12.07%, 1.96% and 0.98%, respectively.

On 23 November 2018, Shenzhen Anyin transferred approximately 1.96% of equity interests in Suoxinda Shenzhen to Ms. Xia, who is an Independent Third Party, at the consideration of RMB1,280,960. Please refer to the section headed "History and Reorganisation — Pre-IPO Investments" in this prospectus for further disclosure. Immediately after the said transfer of shares, the entire issued share capital of Suoxinda Shenzhen was owned by Mr. Song, Mr. Wu, Shenzhen Shuxi, Ms. Xia and Ms. Cao as to approximately 69.53%, 15.46%, 12.07% 1.96% and 0.98%, respectively.

On 15 December 2018, Mr. Song, Mr. Wu, Shenzhen Shuxi, Ms. Xia, Ms. Cao, Suoxinda Shenzhen and Hongkong Hongsheng, who was an Independent Third Party and ultimately wholly-owned by Mr. Chen Lin, entered into a capital increase agreement, pursuant to which Mr. Chen Lin through Hongkong Hongsheng subscribed for the registered capital of RMB3,578,393.65, representing 6% of equity interest, of Suoxina Shenzhen at the consideration of RMB4,167,040 or in equivalent foreign currency. Please refer to the subsection headed "History and Reorganisation — Pre-IPO Investments" in this prospectus. Immediately after such capital increase, the entire equity interests of Suoxinda Shenzhen were owned by Mr. Song, Mr. Wu, Shenzhen Shuxi, Ms. Xia, Ms. Cao and Hongkong Hongsheng as to approximately 65.36%, 14.53%, 11.34%, 1.85%, 0.92% and 6.00%, respectively.

Suoxinda Beijing

Suoxinda Beijing was established in the PRC with limited liability on 13 October 2016 with a registered capital of RMB20,000,000, which was owned by Suoxinda Shenzhen and two Independent Third Parties as to 60.00%, 30.00% and 10.00%, respectively. Suoxinda Beijing is principally engaged in the provision of data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services.

On 24 August 2018, Suoxinda Shenzhen acquired 30.00% and 10.00% of equity interests in Suoxinda Beijing from the two Independent Third Parties at the consideration of RMB50,000 and RMB50,000, respectively based on their actual paid-up capital. The consideration of the above acquisition of equity interests in Suoxinda Beijing was fully settled in cash with the two Independent

Third Parties on 26 November 2018. After the legal completion of the aforesaid acquisition of equity interests on 3 September 2018, Suoxinda Beijing became a directly wholly-owned subsidiary of Suoxinda Shenzhen.

Datamargin

Datamargin was incorporated in Hong Kong with limited liability on 14 September 2015 with issued share capital of HK$100,000 divided into 100,000 shares of HK$1.00 each, which was wholly-owned by Suoxinda Shenzhen. Datamargin is principally engaged in the provision of data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services.

Sourcing Development

Sourcing Development was incorporated in Hong Kong with limited liability on 23 February 2006, which is principally engaged in the provision of data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services.

On 23 July 2015, Suoxinda Shenzhen acquired the entire issued share capital of Sourcing Development from its former sole shareholder, who is an Independent Third Party. The consideration of such acquisition was HK$10,000, which was determined based on paid-up capital.

On 20 October 2015, Datamargin acquired the entire share capital of Sourcing Development from Suoxinda Shenzhen. The consideration of such acquisition was HK$10,000, which was determined based on paid-up capital.

LISTING AND DELISTING ON THE NEEQ

In preparation for listing on the NEEQ, Suoxinda Shenzhen was converted into a PRC joint stock limited company on 25 December 2015. On 1 August 2016, Suoxinda Shenzhen was listed and commenced trading of its shares on the NEEQ with the stock code 838136.

Save as disclosed in the section headed "Business — Legal Proceedings and Compliance — Non-Compliance" in this prospectus, our Directors confirmed, to the best of their knowledge and belief, and as advised by our PRC Legal Advisers that during the period in which Suoxinda Shenzhen was listed on the NEEQ:

(1) it had been operating in compliance in all material respects with all applicable rules of the NEEQ;

(2) it had not been the subject of any disciplinary action by any relevant law enforcement authority; and

(3) there is no further matter relating to the prior listing of Suoxinda Shenzhen on the NEEQ which should be brought to the attention of the Stock Exchange and our Shareholders.

In relation to the above representations made by our Directors, the Sole Sponsor has conducted due diligence works, including but not limited to; (i) reviewed the publications made by Suoxinda Shenzhen on the website of the NEEQ; (ii) engaged an independent search agent to conduct litigation searches and media searches on Suoxinda Shenzhen; and (iii) discussed with our PRC Legal Advisers about the due diligence procedures performed by them in relation to the above representations. Having considered the relevant due diligence done as stated above, the Sole Sponsor concurs with our Directors' representations with regard to Suoxinda Shenzhen's compliance with the applicable rules of the NEEQ during the period when it had been listed on the NEEQ.

On 6 November 2018, Suoxinda Shenzhen voluntarily ceased to list on the NEEQ (the "**NEEQ Delisting**"). A written shareholders' approval in respect of the NEEQ Delisting had been obtained on 5 September 2018 from the shareholders holding 33,976,667 shares in Suoxinda Shenzhen, representing 100% of its issued share capital. No privatisation offer was made in relation to the NEEQ Delisting. Immediately before the NEEQ Delisting, the valuation of Suoxinda Shenzhen was estimated at approximately RMB339.8 million (the "**NEEQ Delisting Valuation**")(1)(2) with the basis on the last trading price of RMB10.00 per share and 33,976,667 issued shares.

Our Directors believe that the NEEQ Delisting and the Listing on the Stock Exchange will be in the interest of our Group and our Shareholders as a whole for the following reasons:

(1) Hong Kong, being one of the principal international finance centres as well as the key gateway between the PRC and international markets, will allow our Group to have greater access to diverse and global investors; and

(2) Hong Kong has a well established common law system with the rule of law and independence of judiciary as well as sound regulatory regime governing the stock market, which affords confidence to our Group and our Shareholders.

Notes:

(1) The difference between the NEEQ Delisting Valuation and the IPO valuation is mainly attributable to the factor that the NEEQ market is in general illiquid as compared to the Stock Exchange of Hong Kong, resulting a discount in the NEEQ Delisting Valuation.

(2) The difference between the NEEQ Delisting Valuation and the Pre-IPO Valuation was mainly because Suoxinda Shenzhen was a private company with lower market liquidity when negotiating the Pre-IPO Investments after the NEEQ Delisting.

PRE-IPO INVESTMENTS

Subscription of registered capital in Suoxinda Shenzhen by Hongkong Hongsheng

On 15 December 2018, Mr. Song, Mr. Wu, Shenzhen Shuxi, Ms. Xia, Ms. Cao, Suoxinda Shenzhen and Hongkong Hongsheng[(1)], which was an Independent Third Party and ultimately wholly owned by Mr. Chen Lin, entered into a capital increase agreement, pursuant to which Mr. Chen Lin through Hongkong Hongsheng subscribed for the new registered capital of RMB3,578,393.65 of Suoxina Shenzhen at the consideration of RMB4,167,040 or in equivalent foreign currency based on negotiations between the relevant parties at a significant discount to the Offer Price of approximately 83.79% after taking into consideration of the assessed value of Suoxina Shenzhen based on the net asset value approach at an amount of RMB65,284,100 (the "**Pre-IPO Valuation**")[(2)] as at 31 October 2018 as assessed by an independent valuer as well as the future strategic benefits[(3)] to be brought by such new shareholder to our Group. Such subscription slightly increased the net asset value of Suoxinda Shenzhen to approximately RMB68.9 million.

After completion of the registration procedures of capital increase with Shenzhen Administration for Market Regulation* (深圳市市場監督管理局) on 26 December 2018 and Shenzhen Economic, Trade and Information Commission* (深圳市經濟貿易和信息化委員會) on 27 December 2018, respectively, Suoxinda Shenzhen became a sino-foreign equity joint venture* (中外合資經營企業).

On 16 January 2019, the consideration of the above subscription of the registered capital in Suoxinda Shenzhen was fully settled in cash by Hongkong Hongsheng. After the aforesaid subscription, Hongkong Hongsheng, which was ultimately wholly-owned by Mr. Chen Lin, became the beneficial owner of 6.00% of equity interests in Suoxinda Shenzhen.

Note:

(1) Hongkong Hongsheng was wholly-owned by Grand Flourishing and Grand Flourishing is wholly-owned by Mr. Chen Lin.

(2) The difference between the Pre-IPO Valuation and IPO Valuation was mainly resulted from the increased liquidity in Shares upon successful listing on the Stock Exchange of Hong Kong, whereas Suoxinda Shenzhen was a private company at the time of negotiating the Pre-IPO investments. Therefore, a premium is factored into the IPO valuation to reflect such difference in liquidity over the Pre-IPO Valuation.

(3) Mr. Chen Lin has 18 years of experience in sales and marketing of consumer electronics in the PRC. In consideration of the extensive experience of Mr. Chen Lin in sales and marketing of consumer electronics for more than 18 years in the PRC, we believe that we will benefit from his valuable experience and extensive business network in the PRC. In addition, we believe that the marketing skills and advices of Mr. Chen Lin would help us to further expand our sales and marketing channels. Subsequent to the Pre-IPO Investment made by Mr. Chen Lin and up to the Latest Practicable Date, we have successfully (i) participated in a FinTech marketing event in September 2019, and (ii) entered into a data solution contract with a rural financial institution in the PRC in October 2019, both through the referral of Mr. Chen Lin.

Acquisition of shareholding in Suoxinda Shenzhen by Ms. Xia

On 23 November 2018, an agreement was entered into between Shenzhen Anyin and Ms. Xia, who is an Independent Third Party. Pursuant to the agreement, Ms. Xia acquired 1.96% of equity interests in Suoxinda Shenzhen from Shenzhen Anyin, an existing shareholder, at the consideration of RMB1,280,960 based on negotiations between the relevant parties after taking into consideration of the assessed value of Suoxinda Shenzhen based on the net asset value approach at an amount of RMB65,284,100 (the "**Pre-IPO Valuation**")(1) as at 31 October 2018 as assessed by an independent valuer.

On 13 December 2018, the consideration of the above acquisition was fully settled in cash. After the aforesaid acquisition, Ms. Xia became the owner of 1.96% of equity interests in Suoxinda Shenzhen.

The table below sets out the principal terms and details of the Pre-IPO Investments by Mr. Chen Lin and Ms. Xia:

Name of Pre-IPO Investors:	**Mr. Chen Lin**	**Ms. Xia**
Date of pre-IPO investment agreement:	15 December 2018	23 November 2018
Consideration paid:	RMB4,167,040 or in equivalent foreign currency	RMB1,280,960
Date of full settlement of consideration:	16 January 2019	13 December 2018
Basis of consideration	Based on negotiations between the relevant parties after taking into consideration of the assessed value of Suoxinda Shenzhen based on the net asset value approach at an amount of RMB65,284,100 as at 31 October 2018 as assessed by an Independent Valuer	

Note:

(1) The difference between the Pre-IPO Valuation and IPO Valuation was mainly resulted from the increased liquidity in Shares upon successful listing on the Stock Exchange of Hong Kong, whereas Suoxinda Shenzhen was a private company at the time of negotiating the Pre-IPO investments. Therefore, a premium is factored into the IPO valuation to reflect such difference in liquidity over the Pre-IPO Valuation.

Shareholding in our Company upon completion of the Reorganisation:	6.00%	1.85%
Shareholding in our Company immediately following completion of the Capitalisation Issue and the Share Offer(1):	Approximately 4.50%	Approximately 1.39%
Number of Shares held upon listing:	18,000,000	5,550,000
Cost per Share paid:	Approximately RMB0.23	Approximately RMB0.23
Discount to the Offer Price(2):	Approximately 83.79%	Approximately 83.79%
Lock-up period:	Nil	Nil
Use of proceed from the Pre-IPO Investments:	Funding the general working capital needs of our Group.	N/A
Utilisation of proceeds:	As at the Latest Practicable Date, all of the net proceeds from the Pre-IPO investments had been utilised towards our general working capital.	N/A
Special rights:	No special right	No special right

Notes:

(1) The percentage of shareholding upon the Listing is calculated on the basis that 400,000,000 Shares are expected to be in issue immediately upon completion of the Share Offer.

(2) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$1.65 per Share, being the mid-point of the indicative Offer Price range of HK$1.5 to HK$1.8, on the basis that 400,000,000 Shares are expected to be in issue immediately upon completion of the Share Offer and the assumed conversion rate of HK$1 for RMB0.86.

Background of the Pre-IPO Investors and strategic benefits brought by the Pre-IPO Investments

Mr. Chen Lin was a private investor and an Independent Third Party who has 18 years of experience in sales and marketing of consumer electronics in the PRC. In consideration of the extensive experience of Mr. Chen Lin, the ultimate beneficial owner of Hongkong Hongsheng, in sales and marketing of consumer electronics for more than 18 years in the PRC, we believe that we will benefit from his valuable experience and extensive business network in the PRC. In addition, we believe that the marketing skills and advice of Mr. Chen Lin would help us to further expand our sales and marketing channels. Subsequent to the Pre-IPO Investment made by Mr. Chen Lin and up to the Latest Practicable Date, we have successfully (i) participated in a FinTech marketing event in September 2019, and (ii) entered into a data solution contract with a rural financial institution in the PRC in October 2019, both through the referral of Mr. Chen.

Ms. Xia was a private investor and an Independent Third Party who has engaged in corporate treasury in the PRC for more than 12 years. The acquisition of shareholding in Suoxinda Shenzhen by Ms. Xia was solely a commercial transaction determined and concluded based on negotiations between Ms. Xia and Shenzhen Anyin, who was an existing shareholder.

Public Float

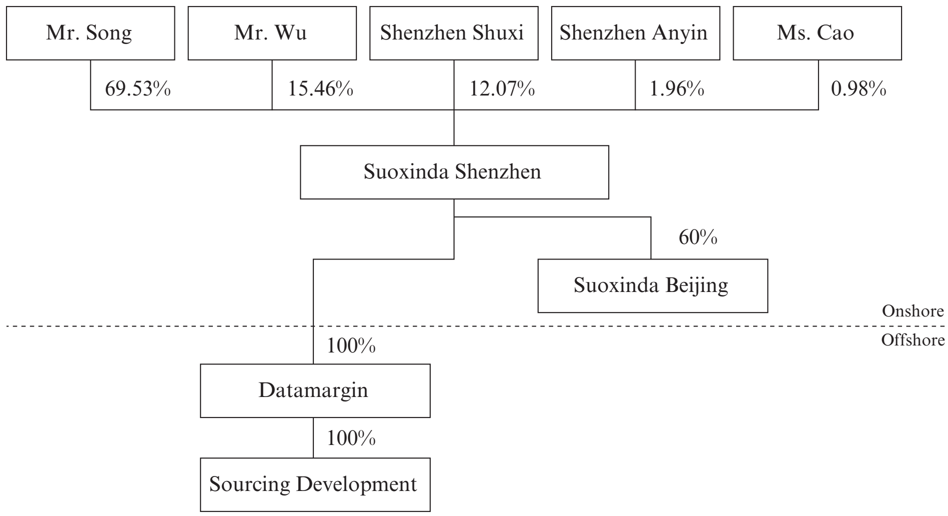
To the best of the knowledge, information and belief of our Directors, (i) none of the Pre-IPO Investors is a core connected person of our Company (within the meaning of the Listing Rules) nor is any of them accustomed to taking instructions from a core connected person of our Company in relation to the acquisition, disposal, voting or other disposition of securities of our Company registered in his name or otherwise held by him; and (ii) none of the Pre-IPO Investments was financed directly or indirectly by a core connected person. Accordingly, the Shares to be held by the Pre-IPO Investors upon the completion of the Share Offer will count towards part of the public float.

Sole Sponsor's Confirmation

The Sole Sponsor is of the view that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investments (HKEx-GL29–12), the Guidance Letter on Pre-IPO Investments (HKEx-GL43–12) since the consideration under the two Pre-IPO Investments were fully settled on 13 December 2018 and 16 January 2019, respectively, which were 28 clear days before the date of the first submission of the first listing application form of our Company, and that the Pre-IPO Investments were not subject to the Guidance on Pre-IPO Investments in Convertible Instruments (HKEx-GL44–12) since they did not involve convertible instruments.

REORGANISATION

The following diagram set forth the corporate and shareholding structure of our Group immediately prior to the Reorganisation:



The Reorganisation which was effected in preparation for the Listing, whereby our Company became the holding company of our Group, included the following major steps:

1. Restructuring in PRC

(i) On 3 September 2018, Suoxinda Shenzhen acquired 30.00% and 10.00% of equity interests in Suoxinda Beijing from two Independent Third Parties, respectively. For further disclosure, please refer to section headed "History and Reorganisation — Our Company and Major Subsidiaries — Suoxinda Beijing" in this prospectus.

(ii) Suoxinda Shenzhen successfully delisted from the NEEQ on 6 November 2018.

(iii) On 23 November 2018, Shenzhen Anyin transferred approximately 1.96% of equity interests in Suoxinda Shenzhen to Ms. Xia. For further disclosure, please refer to the section headed "History and Reorganisation — Pre-IPO Investments" in this prospectus.

(iv) On 13 December 2018, Suoxinda Shenzhen was converted from a joint stock company to a limited liability company.

(v) On 15 December 2018, Hongkong Hongsheng acquired 6.00% of equity interests in Suoxinda Shenzhen by subscription of registered capital. For further disclosure, please refer to the section headed "History and Reorganisation — Pre-IPO Investments" in this prospectus.

2. **Incorporation of shareholding companies, intermediate holding companies and the Company**

(i) Mindas Touch was incorporated in BVI on 30 October 2018 as the holding vehicle of Mr. Song and is authorised to issue a maximum of 10,000 shares of US$1.00 each. At the date of incorporation, 10,000 shares of US$1.00 each were allotted and issued at par to Mr. Song.

(ii) Ideal Treasure was incorporated in BVI on 18 October 2018 as the holding vehicle of Mr. Wu and is authorised to issue a maximum of 50,000 shares of US$1.00 each. On 31 October 2018, 10,000 shares of US$1.00 each were allotted and issued at par to Mr. Wu.

(iii) Thousand Thrive was incorporated in BVI on 18 October 2018 as the holding vehicle of Ms. Wang, Ms. Wei, Ms. Liu, Mr. Chen Liang and Ms. Zhu and is authorised to issue a maximum of 50,000 shares of US$1.00 each. On 31 October 2018, 2,054, 1,550, 3,704, 1,201 and 1,491 shares of US$1.00 each were allotted and issued at par to Ms. Wang, Ms. Wei, Ms. Liu, Mr. Chen Liang and Ms. Zhu, respectively.

(iv) Benefit Ocean was incorporated in BVI on 18 October 2018 and is authorised to issue a maximum of 50,000 shares of US$1.00 each. On 5 November 2018, 1,000 and 9,000 shares of US$1.00 each were allotted and issued at par to each of the two initial shareholders, who are Independent Third Parties, respectively.

(v) On 13 December 2018, the two initial shareholders of Benefit Ocean transferred 1,000 and 9,000 shares (representing the entire issued share capital) of Benefit Ocean to Ms. Xia at the consideration of US$1,000 and US$9,000, respectively.

(vi) Enlighten Peak was incorporated in BVI on 18 October 2018 as the holding vehicle of Ms. Cao and is authorised to issue a maximum of 50,000 shares of US$1.00 each. At the date of incorporation, 10,000 shares of US$1.00 each were allotted and issued at par to Ms. Cao.

(vii) Prophet Technology was incorporated in BVI on 28 November 2018 as our investment holding company and is authorised to issue a maximum of 50,000 shares of US$1.00 each. At the date of incorporation, 6,953, 1,546, 1,207, 196 and 98 shares of US$1.00 each were allotted and issued at par to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean and Enlighten Peak, respectively.

(viii) On 13 December 2018, Blue Whale was incorporated with limited liability in Hong Kong as an intermediate holding company of the Group with share capital of HK$10,000 divided into 10,000 shares. At the date of incorporation, 10,000 shares were allotted and issued as fully-paid to Prophet Technology.

(ix) Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 6 December 2018 with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 par value each. On the date of incorporation, one nil-paid share was allotted and issued to the initial subscriber, who is an Independent Third Party, which was later transferred to Mindas Touch on 6 December 2018 at nil consideration. On 6 December 2018, the Company allotted and issued 6,535, 1,453, 1,134, 185, 92 and 600 nil-paid Shares to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean, Enlighten Peak and Grand Flourishing, respectively. Immediately after such transfer of the one subscriber Share and the aforesaid allotment and issue of Shares, our Company was owned as to 65.36%, 14.53%, 11.34%, 1.85%, 0.92% and 6.00% by Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean, Enlighten Peak and Grand Flourishing, respectively.

3. Further issue of shares by Prophet Technology

On 8 February 2019, 6,953, 1,546, 1,207, 196 and 98 new shares of Prophet Technology were allotted and issued to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean and Enlighten Peak at the subscription price of HK$17,703,840.18, HK$3,935,456.46, HK$3,072,379.83, HK$499,574.40 and HK$249,537.21, respectively.

On 18 February 2019, an additional 6,953, 1,546, 1,207, 196 and 98 new shares in Prophet Technology were allotted and issued to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean and Enlighten Peak at the subscription price of HK$17,673,577.21, HK$3,928,729.18, HK$3,067,127.90, HK$498,720.43 and HK$249,110.65, respectively.

On 22 February 2019, 6,953, 1,546, 1,207, 196 and 98 new shares in Prophet Technology were further allotted and issued to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean and Enlighten Peak at the subscription price of HK$17,568,560.24, HK$3,872,754.36, HK$3,011,402.27, HK$452,389.09 and HK$251,600.14, respectively. Immediately after the above issue of shares, Prophet Technology was owned as to 69.53%, 15.46%, 12.07%, 1.96% and 0.98% by Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean and Enlighten Peak, respectively.

4. Acquisition of the PRC operating company

On 15 January 2019, Blue Whale acquired approximately 65.36%, 14.53%, 11.34%, 1.85% and 0.92% of equity interests in Suoxinda Shenzhen from Mr. Song, Mr. Wu, Shenzhen Shuxi, Ms. Xia and Ms. Cao, respectively at an aggregate consideration of RMB65,284,072 or in equivalent foreign currency, which was fully settled by three instalments of HK$25,373,742.00, HK$25,243,174.49 and HK$25,412,005.45 on 13 February 2019, 19 February 2019 and 22 February 2019, respectively. The said consideration was determined with reference to the assessed value of Suoxinda Shenzhen based on the net asset value approach at RMB65,284,100 as at 31 October 2018 as assessed by an Independent Valuer.

5. Acquisitions of Prophet Technology and Hongkong Hongsheng

(i) On 25 February 2019, the Company acquired 27,812, 6,184, 4,828, 784 and 392 shares of Prophet Technology from each of Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean, Enlighten Peak, respectively and as consideration, the 6,536, 1,453, 1,134, 185 and 92 nil-paid Shares held by Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean and Enlighten Peak were credited as fully paid, respectively. After the aforesaid share transfers, the Company owns the entire issued share capital of Prophet Technology and indirectly owns 94.00% of the equity interests of Suoxinda Shenzhen.

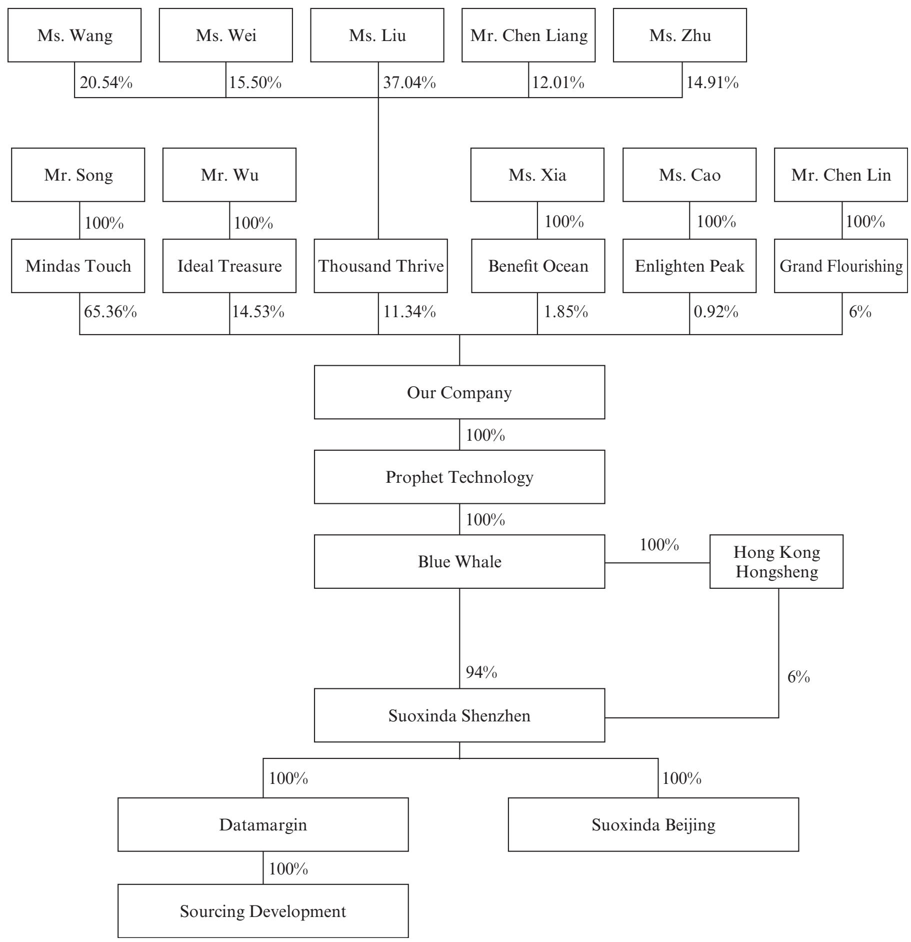
(ii) On 25 February 2019, Blue Whale acquired 10,000 shares in Hongkong Hongsheng, from Grand Flourishing at a consideration of HK$6. On the same day, Grand Flourishing received the full payment of the consideration from Blue Whale and paid the same amount of HK$6 to the Company to pay up at par the 600 nil-paid Shares issued to Grand Flourishing in the Company.

After the aforesaid share transfer, Blue Whale wholly owns Hongkong Hongsheng and indirectly owns 100% of equity interests in Suoxinda Shenzhen. The Company becomes the holding company of the Group.

As advised by our PRC Legal Advisers, each step in the Reorganisation insofar as PRC law is concerned was properly and legally completed and settled, and was in compliance with applicable PRC laws and regulations, including any requirement to obtain regulatory approvals and filing.

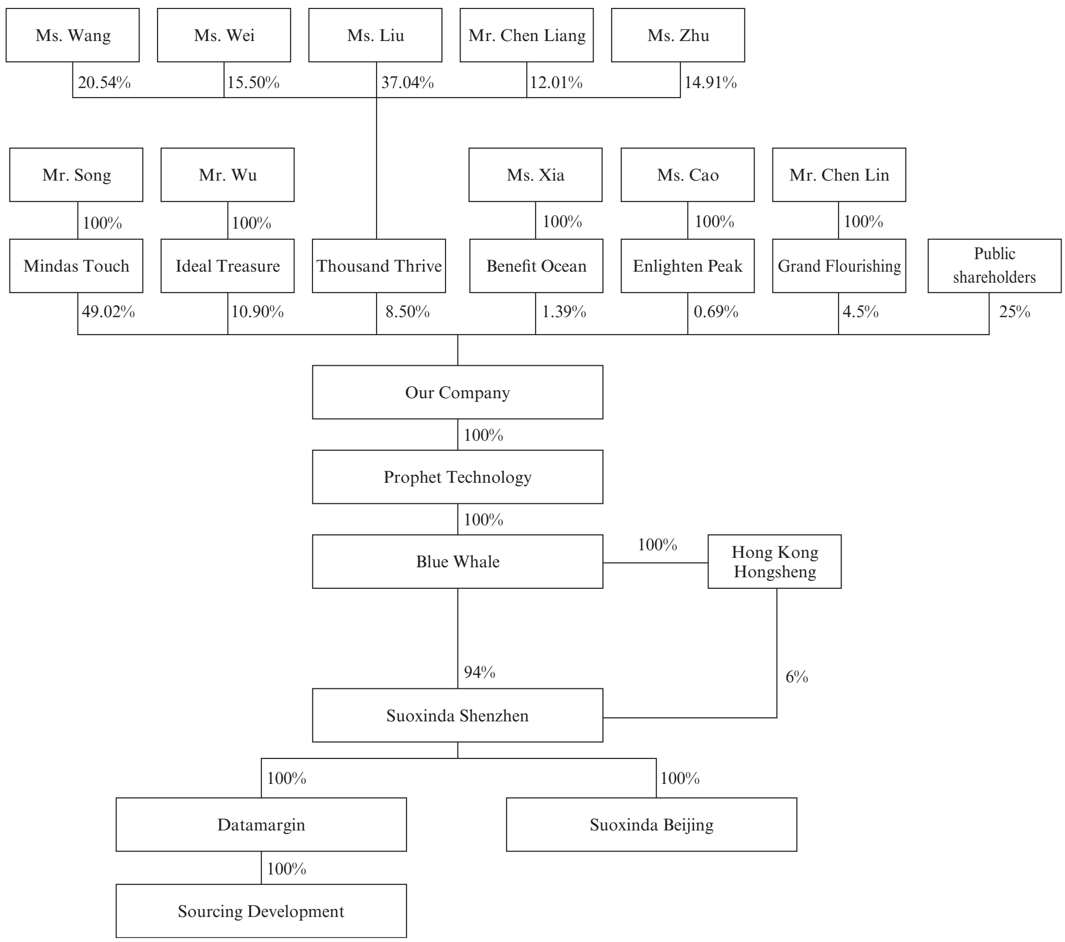
CORPORATE STRUCTURE OF OUR GROUP — IMMEDIATELY PRIOR TO THE CAPITALISATION ISSUE AND THE SHARE OFFER

Set out below is the corporate structure of our Group after the Reorganisation and immediately prior to the Capitalisation Issue and the Share Offer.



CORPORATE STRUCTURE OF OUR GROUP — IMMEDIATELY AFTER THE CAPITALISATION ISSUE AND THE SHARE OFFER

Set out below is the corporate structure of our Group immediately after the completion of the Capitalisation Issue and the Share Offer.



PRC LEGAL COMPLIANCE

Compliance with M&A Rules

According to the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise via an increase in registered capital of the domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic non-foreign invested enterprise by agreement, or which purchases the assets of a domestic non-foreign invested enterprise by agreement and injects those assets to establish a foreign-invested enterprise. According to Article 11 of the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, approval from the MOFCOM is required.

Under the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises ("**the Circular No. 3**") (《外商投資企業設立及變更備案管理暫行辦法》) which took effect on 8 October 2016 and as amended on 30 July 2017 and 30 June 2018, the merger and acquisition of domestic non-foreign-invested enterprises by foreign investors shall, if not involving special access administrative measures and affiliated mergers and acquisitions, be subject to the record filing measures.

Our PRC Legal Advisers advised that (i) the acquisition of 6% equity interest in Suoxinda Shenzhen by Mr. Chen Lin (the "**First Acquisition**") is subject to the M&A Rules; (ii) Suoxinda Shenzhen has obtained the record-filing receipt for the incorporation of foreign-invested enterprises (外商投資企業設立備案回執) on 27 December 2018 and the new business licence on 26 December 2018 for the First Acquisition pursuant to the M&A Rules and the Circular No. 3 and accordingly, the First Acquisition has been legally completed in accordance with PRC laws and regulations; and (iii) as a result of the First Acquisition, Suoxinda Shenzhen has been converted into a sino-foreign joint venture enterprise. For the acquisition of 94% equity interest in Suoxinda Shenzhen by Blue Whale (the "**Second Acquisition**"), our PRC Legal Advisers further advised that since the Second Acquisition took place after Suoxinda Shenzhen was converted into a sino-foreign joint venture enterprise, the M&A Rules are not applicable to the Second Acquisition. Suoxinda Shenzhen has obtained the record-filing receipt for the change of foreign-invested enterprises (外商投資企業變更備案回執) on 15 January 2019 and the new business licence on 14 January 2019 for the Second Acquisition pursuant to the Circular No. 3.

Compliance with the Circulars No. 37 and No. 13

According to the Circular No.37, (i) before a domestic resident contributes his or her legally owned assets or equity of domestic enterprises, or legally owned offshore assets or equity into SPVs for the purpose of offshore investment and financing, the domestic resident shall register with the local branch of the SAFE; and (ii) following the initial registration, any major changes shall be reported to the SAFE for registration in time, and failing to comply with the registration procedures as set out in the Circular No. 37 may result in penalties. For further details, please refer to the section headed "Regulatory Overview — Circular No. 37" in this prospectus.

Pursuant to the Circular No. 13, the SAFE has authorised the qualified local banks to review and process the various foreign exchange registrations directly for overseas investments, including the registration under the Circular No. 37, and the SAFE and its local branches conduct indirect supervision and administration through the banks over such registrations.

Our PRC Legal Advisers confirmed that all the necessary registrations with local foreign exchange authority as required by the Circular No. 37 and Circular No. 13 including the registration of each of Mr. Song, Mr. Wu, Ms. Wang, Ms. Wei, Ms. Liu, Mr. Chen Liang, Ms. Zhu, Ms. Xia and Ms. Cao, have been completed on 10 January 2019 and the provisions set forth in the Circular No. 37 and Circular No. 13 have been complied with.

OVERVIEW

We are a market player in the big data and AI industry in the PRC providing data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services, to corporate customers.

Based in Shenzhen, we develop and deliver sophisticated data solutions with a strategic focus on leading banks and financial institutions in the PRC. We were ranked the fifth largest data solution provider based in Southern China in terms of revenue from financial industry in 2018(1), with our services covering 55.6% of the state-owned banks and joint stock commercial banks in the PRC and our financial customers including eight of the fifteen largest banks in the PRC in terms of revenue in 2018, according to the F&S Report. We were also ranked the ninth largest Southern China-based data solution provider in terms of revenue in 2018(2), and in the PRC big data and AI solution industry we had a market share of 0.06% in terms of revenue derived from provision of big data and AI solutions in 2018, according to the F&S Report.

In our early history, we had been engaged principally in the provision of IT maintenance and support services as well as sales of hardware and software and related services, serving large scale corporations in various industries, including telecommunication network operators, information technology providers, securities firms and medical equipment manufacturers. Since 2013, an increasing number of applications that integrated big data technology with businesses in customer downstream industries have been successfully developed and completed in the market, according to the F&S Report. Seeing the rising market demands for and strong market potential in this field, we commenced to provide big data solutions to our customers in 2013. In that year, we acquired the relevant expertise through hiring one senior data analyst and four senior engineers, most of whom had obtained degrees in computer science and software engineering, to strengthen our solution delivery capabilities. In particular, the senior data analyst had experience in enterprise data infrastructure environment optimisation. This, coupled with our expertise in sales of data warehouse, maintenance and support of enterprise data infrastructure, and corporate customer servicing, as well as good business relationships with sizable banks, financial institutions and enterprises, has enabled us to deliver, as a subcontractor, our first data infrastructure solution — setting up data warehouse for a bank. We achieved important revenue growth for our data solution business from RMB26.4 million in 2013 to RMB65.8 million in 2015.

Notes:

(1) Frost & Sullivan, our industry consultant, provides this ranking in terms of revenue derived from provision of big data and AI solutions to end users of solutions who are in the financial industry in 2018. For further disclosure on our rankings, please refer to the section headed "Industry Overview — Research Background and Methodologies" in this prospectus.

(2) Frost & Sullivan provides this ranking in terms of revenue derived from provision of big data and AI solutions in 2018.

Further, AI technological advancements significantly enhance the capabilities of solution providers and meet particular requirements in customer downstream industries by utilising the vast amount of data available, according to the F&S Report. Leveraging the experience we accumulated from the provision of data infrastructure solutions, we utilised AI technologies to extend data analytics capability of our solutions in 2015. In that year, in order to elevate the analytical power of our data solution, we hired five senior data analysts and three senior engineers, most of whom had extensive experience in delivering analytics solutions with AI capability to leading banks and enterprises. We further delivered our first analytics solution with AI technologies through winning a tender from a bank in 2015. During the Track Record Period, the growth of our revenue from analytics solutions was primarily attributable to (i) our strategic focus on the financial industry in order to strengthen our competitive advantages; and (ii) our proven track record in consistently delivering customised data solutions which helped us establish long-term strategic relationship with our existing customers. In particular, our revenue of analytics solutions significantly increased from RMB29.7 million for FY2017 to RMB80.4 million for FY2018, and further from RMB8.8 million for FP2018 to RMB28.7 million for FP2019, which was mainly because of the increase in our revenue generated from banks and financial institutions as (i) our services and abilities were well recognised by our customers and we further expanded our analytics solution offerings to existing customers; and (ii) we have successfully expanded into the Beijing market in FY2017 and achieved revenue growth from the end users of our data solution in Beijing.

We categorise our major revenue streams into (i) data solutions, (ii) sales of hardware and software and related services as an integrated service, and (iii) IT maintenance and support services. Our three revenue streams form an integrated business model which generate stable income with a fair profit margin and create cross-selling opportunities for our sustainable growth.

- *Data solutions*. Our data solutions consist of data infrastructure solutions and analytics solutions. Under our data infrastructure solutions, we optimise data infrastructure environments of our customers by designing and constructing integrated and customised data storage, data cleaning and data processing systems which are suitable for subsequent usage and analysis meeting their individualised demands. Built upon our customised data infrastructure environments within customers' systems, we develop and deliver tailored analytics solutions to our customers to achieve their business objectives, such as improving the efficiency of their marketing activities, enhancing risk control measures and optimising supply chain management. Our analytics solutions can be categorised into: (i) precision marketing solutions; (ii) risk management solutions; and (iii) other business solutions. We have also been making continuous efforts to enhance our data solutions by interacting with our customers and incorporating their feedback into our solutions.

- *Sales of hardware and software and related services as an integrated service*. Leveraging our comprehensive understanding of customers' needs and close relationship with quality suppliers, we identify, source and sell standardised hardware and software products to cater to our customers' needs. In addition, we sell our self-developed software products, such as Suoxinda Intelligent Marketing Platform* (索信達智慧營銷平台), to our customers. We also provide basic installation, maintenance and support services alongside such sales.

- *IT maintenance and support services*. We help our customers build and optimise their IT systems based on their needs and requirements. We provide system installation, support, maintenance and upgrading services to our customers.

Leveraging our competitive advantages and taking advantage of the significant momentum of industry growth, we have strategically focused on the PRC financial industry. Revenue derived from end users of our data solutions who were in the financial industry increased at a CAGR of 30.7% from FY2016 to FY2018. Such revenue increased by 267.7% from RMB8.5 million for FP2018 to RMB31.2 million for FP2019. Moreover, we have successfully expanded our service coverage to customers in Beijing, where several of the PRC's major financial centres are located and some of our major financial customers are headquartered. The revenue derived from the end users of our solutions and services that were located in Beijing increased from RMB7.8 million for FY2016 to RMB12.0 million for FY2017, and further to RMB50.5 million for FY2018. Such revenue also increased from RMB7.7 million for FP2018 to RMB11.4 million for FP2019.

We have attracted high quality, diversified customers which consist of leading global corporations as well as Chinese blue-chip banks and financial institutions. We proactively track and analyse leading enterprises in our target industries with regard to their relevant requirements and offer tailored solutions and service proposals to attract selected enterprises for new engagements. We have also established long-term relationships with multinational conglomerates in other industries. These customers include, among other, (i) SAS Beijing, (ii) a subsidiary belongs to a supermarket chain group consistently ranked first of the world's top 500 enterprises from 2014 to 2019[(1)], and (iii) one of the top ten telecommunications equipment vendors in the world, according to the F&S Report. As a result of our proven track record in consistently delivering tailored data solutions meeting our customers' particular demands and application scenarios, we have established long-term strategic relationships with them. Approximately 59.4%, 68.5%, 58.9% and 86.3% of our customers for FY2016, FY2017 and FY2018, and FP2019 were repeat customers (being customers or their affiliates who have contributed to our revenue previously) and the revenue derived from our repeat customers represents 69.3%, 82.8%, 62.5% and 69.2% of our total revenue for the relevant periods, respectively.

Our headquarters located in Shenzhen, within the Greater Bay Area, and our dedication to data solutions for sustainable development and future expansion are in line with the national development strategies of promoting the big data and AI industry as well as the Greater Bay Area. We have established the Greater Bay Area Institute of Financial Innovation (粵港澳大灣區金融創新研究院) jointly with the Guangdong Provincial Association for Promotion of Cooperation between Guangdong, Hong Kong and Macao* (廣東省粵港澳合作促進會) to build cooperation and communication platforms for financial industry participants in the Greater Bay Area and research

Note:

(1) Such ranking is based on the Fortune Global 500 annual ranking complied and published by Fortune magazine.

on the key subjects in the financial industry of this region. We have also built up a long-term strategic partnership with leading universities of the region. We are developing the FinTech indices* (金融技術公司指數) jointly with the University of Hong Kong to track the growth and to measure the media attention to FinTech companies in the Greater Bay Area.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have been the key factors for our success and will enable us to maintain our market position and capture the anticipated future growth in our target markets.

We are a market player in the big data and AI industry in the PRC, and we are well positioned to capture the national development strategies and the industry growth momentum

We are a market player in the big data and AI industry in the PRC providing data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services, to corporate customers. We develop and deliver sophisticated data solutions with a strategic focus on leading banks and financial institutions in the PRC financial industry. We have been accredited with the following market rankings and industry awards in recognition of our advanced technological capabilities and significant practicable experience:

- *Financial industry*. We were ranked the fifth largest data solution providers based in Southern China in terms of revenue derived from provision of big data and AI solutions to end users of the solutions who were in financial industry in 2018, with our services covering 55.6% of the state-owned banks and joint stock commercial banks in the PRC and our customers including eight of the fifteen largest banks in the PRC in terms of revenue in 2018, according to the F&S Report.

- *Southern China region*. We were ranked the ninth largest data solution providers based in Southern China in terms of revenue derived from the provision of big data and AI solutions in 2018, according to the F&S Report.

- *Industry awards*. We were awarded "Best Construction Service for Digital Bank* (中國最佳數字化銀行建設服務獎)" jointly by the People's Bank of China Institute of Finance (中國人民銀行金融研究所) and Shanghai Pudong International Finance Institute (上海浦東國際金融學會). We were ranked among the "Top Ten Innovative AI Enterprises in the PRC* (中國人工智能十大創新企業)" by the China New Economy Brands Summit Organising Committee* (中國新經濟品牌峰會組委會). We were also awarded "China's Best Financial AI Innovation Award* (中國最佳人工智能金融創新獎)" by Retail Banking Magazine in recognition of our market position.

Leveraging our competitive advantages and taking advantage of the significant momentum of industry growth, we have strategically focused on the PRC financial industry and successfully expanded into Beijing. The PRC big data and AI solution market presents significant growth potential since the commencement of applications in customer downstream industries in 2013.

According to the F&S Report, the market size of the PRC big data and AI solution industry grew at a CAGR of 58.7% from 2014 to 2018, as driven by governmental supports, growing demands from downstream industries and technological advancements. As one of the early movers in this industry, we have commenced to strategically focus on the provision of big data solutions in 2013 and began to utilize AI technology in our solutions in 2015. With the deployable resources and means of sizeable banks and financial institutions, as well as the abundant amount of quality data on their clients' transactions, financial status and demographics, the PRC financial industry has increased investments significantly in big data and AI technologies for the utilisation of the vast quantities of data to improve operational efficiency, manage evolving industry and business risks, as well as seize market growth opportunities. We are well positioned to capture such opportunities arising from the technological transformation of the PRC financial industry. Revenue derived from end users of our solutions who were in the financial industry increased at a CAGR of 30.7% from FY2016 to FY2018, and further increased by 267.7% from FP2018 to FP2019. Moreover, we have effectively replicated our business model and successfully expanded our service coverage to customers in Beijing, where several of the PRC's major financial centres are located and some of our major financial customers are headquartered. The revenue derived from the end users of our solutions and services that were located in Beijing increased from RMB7.8 million for FY2016 to RMB12.0 million for FY2017, and further to RMB50.5 million for FY2018. Such revenue increased from RMB7.7 million for FP2018 to RMB11.4 million for FP2019. Our successful geographical expansion to Beijing has strengthened our competitive advantages and market position in the industry, and allows us to establish stronger relationships with the headquarters of leading banks and financial institutions in the PRC, where their senior management make nationwide procurement decisions.

Our headquarters located in Shenzhen, within the Greater Bay Area, and our dedication to data solutions for sustainable development and future expansion are in line with the national development strategies of promoting the big data and AI industry as well as the Greater Bay Area. In the Development Outline of the Greater Bay Area* (《粵港澳大灣區規劃綱要》), the PRC government has set developing the applications of big data and AI technologies in the Greater Bay Area as a priority. With the support of the PRC central and local governments, the big data and AI industry in this region has experienced, and will continue to experience, rapid business growth and expansion. We have established the China Greater Bay Area Institute of Financial Innovation (粵港澳大灣區金融創新研究院) jointly with the Guangdong Provincial Association for Promotion of Cooperation between Guangdong, Hong Kong and Macao* (廣東省粵港澳合作促進會) to build cooperation and communication platforms for financial industry participants in the Greater Bay Area and research on the key subjects in the financial industry of this region. We have also built up a long-term strategic partnership with leading universities in the region. We are developing the FinTech indices* (金融技術公司指數) jointly with the University of Hong Kong to track the growth and to measure the media attention to FinTech companies in the Greater Bay Area.

Leveraging on our early mover advantages, significant practicable experience, strong capability of solution development and problem solving, as well as market recognition with long-standing customer loyalty, we believe that we are well positioned to further increase our market share in the industry efficiently, strengthen our competitive advantages effectively and generate attractive investment returns for our Shareholders.

We are devoted in technology advancements and we provide quality solutions and products to meet our customers' needs

Our robust data solutions founded upon our ability to develop and construct customised data infrastructure environments in our customers' systems, which efficiently integrate data dispersed across different locations, database systems and departments of our customers. Such data infrastructures are designed to be highly scalable and reliable, thereby enabling our customers to harness large quantities of real-time data, accommodate more of their target clients and ensure the high speed performance of their systems at a massive scale. We cleanse raw data into more valid, meaningful and structured data for subsequent big data and AI analytics activities, which can be applied to various aspects of our customers' businesses. For instance, in 2017 we designed and constructed a data infrastructure to establish a precision marketing platform for a large bank customer, which successfully accommodated over 100 million target clients; and in 2016 we designed and constructed a data infrastructure to deliver Voice of the Customer Solution for a leading telecommunication equipment enterprise, which is able to process 100,000 messages per second.

Our big data and AI analytics solutions help our customers intelligently maximise engagements with their clients and effectively reach the type of target clients best suited for their client acquisition and monetisation needs. For example, we assisted the large bank customer to establish precision marketing platform in 2017, over 7,100 kinds of personalised product portfolios to more than 130.0 million target clients daily. With our solutions, this precision marketing platform further recommended target client lists for specific products and marketing events in around 7,000 batches to the bank's sales and marketing team in 2017, and the bank's sales and marketing team conducted around 1,600 relevant activities to target clients in each month. Moreover, with our precision marketing solutions, our customers are able to achieve closed loop marketing activities which constitute a continuous cycle of obtaining their clients' behaviour data on a real-time basis for further evaluation and determination of the most suitable marketing strategies. We are among the first batch of data solution providers in the PRC whose solutions enable customers to achieve closed loop marketing activities, according to the F&S Report.

We believe the efficiency and speed-to-market implementation of our solution development process have given us a competitive edge in the rapidly evolving data solution industry landscapes in the PRC. We are able to quickly and cost-effectively develop and integrate additional and multiple functionalities into our existing solution offerings so as to react to evolving market trends and customers' demands. We have continuously endeavored to increase the efficiency, efficacy, scope and variety of our data solutions. In addition, we have successfully developed and continuously refined standardised software products, such as Suoxinda Intelligent Marketing Platform* (索信達智慧營銷平台).

As a technology-driven company, we have invested continuously in exploring the applications of cutting-edge technologies in the customer downstream industries and establishing our financial AI laboratory for big data and AI technological advancements. The massive amount of data processed by our AI models and algorithms creates a multitude of use cases, enabling us to continuously upgrade our applications of relevant AI technology and enhance our big data and AI analytics capabilities. For instance, taking advantage of the leading-edge technologies of fuzzy matching and neural network in 2017, our risk management solutions enabled a bank customer, analyse credit card transactions on a real-time basis, intercept abnormal transactions and issue warnings within 50 milliseconds, or 0.05 second, which was significantly faster than the average duration of 1.5 seconds in the industry, according to the F&S Report. In addition, we have established a financial AI laboratory, which commenced operation in January 2019. Our dedicated product development team comprises experienced data analysts and statistical specialists who are critical for developing AI models and algorithms for our data solutions. We also invest in talent by recruiting, retaining and training researchers and engineers with experience in the data solution fields to further enhance our technology advantage.

We have developed a high quality, loyal customer base and established long-term strategic relationships with our customers

Leveraging our in-depth industry knowledge, significant practicable experience, extensive technological expertise and strong capabilities of developing data solutions, we have established stable and mutually trustworthy relationships with our customers. We proactively track and analyse leading enterprises in the financial industry with regard to their relevant requirements and offer competitive terms to attract selected enterprises for new engagements. The presence of these leading enterprises in turn may further attract other companies in the same or similar industries as well as their service providers along the relevant industry value-chains to engage us. As customers' business decision making processes become more complex, we continuously enhance our analytics functionalities to address various requirements of customers. As a result of our proven track record in consistently delivering data solutions meeting our customers' particular demands, we have established long-term strategic relationships with them. Approximately 59.4%, 68.5%, 58.9% and 86.3% of our customers for FY2016, FY2017, FY2018 and FP2019 were repeat customers (being customers or their affiliates who have contributed to our revenue previously) and the revenue derived from our repeat customers representing 69.3%, 82.8%, 62.5% and 69.2% of our total revenue for the respective periods.

We have attracted high quality, diversified customers which consist of Chinese blue-chip banks and financial institutions as well as leading global corporations. With our solution offerings covering 55.6% of the state-owned banks and national joint stock commercial banks in the PRC, we serve eight of the fifteen largest banks in the PRC in terms of revenue in 2018 according to the F&S Report, including the best retail bank in the Asia Pacific region in 2018 by the Asian Banker and the first publicly listed bank in the PRC. We have also established long-term relationships with multinational conglomerates in other industries. These customers include, among other, (i) SAS Beijing, (ii) a subsidiary belongs to a supermarket chain group consistently ranked first of the world's top 500 enterprises from 2014 to 2019[1], and (iii) one of the top ten telecommunications equipment vendors in the world, according to the F&S Report.

With the development and delivery of tailored data solutions, we continuously interact with our customers and incorporate their feedback to proactively enhance and refine our solutions. Our profound understanding of our customers' businesses, the functionality of their systems and the customised data infrastructure environments that we have developed and constructed for them within their systems, provide us with abundant opportunities to cross sell other suitable solutions to our customers. For example, our customers for precision marketing solutions may also engage us to provide risk management solutions. All of these enable us to efficiently expand our customer base as well as to swiftly establish our presence along the relevant industry value-chain and/or new market sectors. Furthermore, we believe we have competitive advantages over new entrants in the PRC data solution industry in procuring new engagements from customers due to our ability to capitalise on our accumulated industry reputation and stable cooperative relationships with leading industry participants, enabling us to secure new contracts and seize market opportunities.

We have a visionary and experienced senior management team, supported by high-caliber professionals and technical personnel and a culture of entrepreneurship

Our management team with extensive experience and knowledge in the PRC information technology industry has been instrumental to the success of our business. Our chairman and executive Director, Mr. Song who has over 14 years of experience in the information technology service industry, has been responsible for the overall operation, management and formulation of business strategy of our Group. Our senior management team has extensive experience in the fields of finance, business development and information technology service industry. In particular, Mr. Cao Xinjian, our AI department general manager, served as a senior manager in SAS Software Research and Development (Beijing) Company Limited* (賽仕軟件研究開發北京有限公司) for over 9 years and had over 14 years of experience in the information technology service industry. Ms. Li Qiongmei, our financial business consultancy director, has over 8 years of experience in the information technology service industry. Our senior management's collective experience, strong execution capabilities and entrepreneurial spirits pave the way for the successful operation of our business. Under their leadership and vision, we have expanded our business successfully during the Track Record Period and established our presence in the PRC big data and AI solutions industry.

Our founder and senior management have nurtured a unique corporate culture of entrepreneurship, innovation and team work with our primary objective to seize opportunities from the advanced technological transformation of the PRC financial industry, as well as to propel the technological advancement of relevant industries in the PRC. They are supported by a team of professionals and technical personnel with solid backgrounds, which comprises consulting experts, data analysts, data mining experts, system developers and other technical staff. Such professional

Note:

(1) Such ranking is based on the Fortune Global 500 annual ranking complied and published by Fortune magazine.

team with an average of more than 5 years of related industry experience is dedicated to the development and provision of data solutions to our customers. As at the Latest Practicable Date, we had 250 employees with technology or finance background, representing approximately 57.9% of all our employees, which demonstrates our focus on both technology innovation and financial expertise.

We believe our experienced technical staff are critical to the efficient and effective execution of our projects. Their extensive industry knowledge and experience also play an important part in maintaining long-term relationships with our customers and securing new contracts. We are dedicated to developing the skills and expertise of our staff by passing on the experience from our senior to junior staff through training and on-site instructions for the continuous development of the technological capabilities and project execution skills of our professional team.

OUR BUSINESS STRATEGIES

We plan to develop our business, improve our market competitiveness and enhance our profitability by carrying out the following strategies:

Strengthening and Expanding our Data Solution Offerings

Our capability in offering sophisticated data solutions to customers premises upon our advanced technologies. We will continue to develop and invest in our advanced technologies in order to stay at the forefront of industry innovation. We intend to further enhance the quality and variety of our data solution offerings to better serve existing customers and attract new customers. Leveraging our accumulated project experience and servicing capabilities through understanding of customers' needs and application scenarios, we plan to enhance the effectiveness of, and add new features to, our existing data solutions and continue to develop new types of solutions. We believe our customer-centric approach will allow us to timely react to the ever-evolving market trends and business requirements, and to develop innovative, customised data solutions to our customers' satisfaction.

The table below sets forth our future research and development plan:

Item	New data solutions/ features of existing solutions	Objectives	Target industry	Technology intended to apply	Expected launch time	Funding source
1.	Qiubi decision engine *(new feature of existing risk management solution)*	To establish a real-time business decision engine module for improving the instant decision-making process in various application scenarios such as credit card application approval and suspicious transaction interception	Financial	Machine learning	2H 2019	Internal funding
2.	Qiubi real-time marketing optimisation module *(new feature of existing precision marketing solution)*	To establish a marketing platform capable of synchronising batch processing and stream processing of data to enhance the efficiency of marketing activities	Financial	Machine learning	2H 2019	Internal funding
3.	Credit assessment platform *(new feature of existing risk management solution)*	To establish an credit assessment platform for performing instant credit assessment	Financial	Machine learning	2H 2020	Net proceeds from the Share Offer and internal funding
4.	Tag management platform *(new feature of existing precision marketing solution)*	To establish a tagging system capable of developing, managing and updating tags	Financial	Machine learning	2H 2020	Net proceeds from the Share Offer and internal funding
5.	Intelligent robo-advisor solution *(new robo-advisor solution)*	To establish a new solution capable of providing automated investment advisory services using algorithm	Financial	Machine learning and natural language processing	2H 2020	Net proceeds from the Share Offer and internal funding
6.	Marketing platform *(new feature of existing precision marketing solution)*	To establish a real-time marketing platform backed with automatic decision making capability	Financial	Machine learning and natural language processing	2H 2021	Net proceeds from the Share Offer and internal funding
7.	Loan portfolio credit risk alert solution *(new risk management solution)*	To establish a real-time risk management platform for monitoring loan portfolio and issuing warning regarding credit risk	Financial	Machine learning	2H 2021	Net proceeds from the Share Offer and internal funding

According to the F&S report, real-time application is one of the important trends in the big data and AI solution industry. We intend to cope with the pace of technological changes by (i) embedding the real-time applications within our future analytics solutions; and (ii) using the advanced stream processing framework, such as Flink, which offers low latency and high throughput as well as ensures all messages delivered without duplication (using exactly once processing).

As at the Latest Practicable Date, none of the abovementioned new data solutions/feature of existing solutions have been launched.

Our Directors believe there are adequate demands for the above data solutions after taking into account the following:

(i) According to the F&S Report, financial institutions have gradually realised the significance of scenario-based financial consumption, which requires the application of AI technologies to help the financial institutions locate potential customers and understand their needs. Such demands drive the development of the application of precision marketing solutions. The market segment of precision marketing solutions is expected to increase from RMB5.1 billion in 2019 to RMB49.2 billion in 2023, at a CAGR of 76.2%. As for risk management solutions, traditional financial institutions have mostly relied on offline risk control methods with limited experience in the construction of automated monitoring systems. Such limitation lead to the insufficient capability of risk detection and early-warning of these financial institutions. In the future, financial institutions will utilise AI technologies to enhance risk management. Thus, the market segment of risk management solutions is expected to grow from RMB8.1 billion in 2019 to RMB50.6 billion in 2023, at a CAGR of 58.0%. In 2023, the market segment of precision marketing solutions and that of risk management solutions are expected to be the two largest ones in the data solution market for financial industry in the PRC, accounting for about 25.6% and 26.3%, respectively.

(ii) Our sales from precision marketing solutions and risk management solutions accounted for an important part of our revenue from analytics solutions and demonstrated an increasing trend during the Track Record Period.

(iii) We intend to develop an intelligent robo-advisor platform in addition to our existing solutions. Our Directors consider the robo-advisor technologies have surged in popularity in the recent years as this solution provides low-cost, automated investment advisory services. According to the F&S Report, the market segment of robo-advisor solutions for the financial industry is expected to increase from RMB0.8 billion in 2019 to RMB9.2 Billion in 2023, at a CAGR of 86.6%, mainly because (i) the robo-advisor solution largely reduces labor cost and about 80.0% of portfolio management fee by utilizing big data, AI and cloud computing technologies; (ii) such solution provides investment strategies for investors through powerful computing power, which is time-saving with greater efficiency; and (iii) such solution lowers the investment threshold requirement to RMB10,000, fulfilling the demands of long tail customers.

We intend to increase the headcount requirement of our research and development team and our sales team, as well as enhance their capabilities. With the net proceeds from the Share Offer, we plan to recruit (i) research and development staff comprising of (a) not more than 13 senior data analysts with three or more years experience in financial data analytics with at least two years experience in data solutions research and development, especially in those areas related to precision marketing solutions and risk management solutions; and (b) not more than six senior engineers with three or more years experience in the research and development of data solutions with at least two years experience in application of advanced stream processing framework such as Flink; and (ii) eight salespersons comprising of (a) not more than five business directors with five or more years experience in sales and marketing in AI technology companies; and (ii) not more than three pre-sales directors with at least three years working experience for a similar position in consultancy companies or IT technology companies.

Since certain research and development staff to be recruited by our Group will possess experience in the application of advanced stream processing framework, such as Flink, our Directors expect that such new research and development staff will supplement our development capabilities for real-time application in our data solution offerings in the future.

The following table sets out the allocation of our existing technical staff for the delivery of our on-going data solution contracts, awarded data solution contracts and tendered projects as at the Latest Practicable Date:

	On-going contracts (1)	Awarded contracts (2)	Tendered projects (3)
Technical staff	43	91	Nil

Our new recruits will work in our research and development department and sales and marketing department, respectively, and these new recruits will not be involved in delivering of our data solution services and completing relevant projects. Please refer to the section headed "Business — Employees" for further disclosure on the role of our technical staff and research and development staff.

Notes:

(1) On-going contracts are the data solution contracts which are either in progress or awarded but have not yet commenced as at 31 May 2019;

(2) Awarded contracts are new data solution contracts that we entered into during the period from 1 June 2019 to the Latest Practicable Date; and

(3) Tendered projects are those projects which are under the process of tendering or negotiation as at the Latest Practicable Date.

We plan to enhance our AI technologies to extract more profound insights from our customers' vast amounts of data. Leveraging our comprehensive understanding of customers' needs, we will continue to refine our analytics models, machine learning algorithms and tools to enhance the value of our data solutions, thereby allowing our customers to achieve their objectives more effectively. According to the F&S Report, establishing AI laboratory by big data and AI solution companies will become a key trend in the future due to intensified market competition and rapid technology development. Through our own financial AI laboratory and collaborative research efforts with renowned universities, we will continue to explore the application of cutting-edge technologies in the customer downstream industries, focusing on neural networks, deep learning, natural language processing, image recognition, and processing technology. We also intend to explore the application of cutting-edge open source AI framework and software, such as TensorFlow in our data solutions. Please refer to the paragraph headed "— Research and Development — Collaboration with Leading University" in this section for further disclosure. We believe such technologies will benefit us by improving our technical capabilities and enhance the quality and variety of our analytics solutions.

Enhancing Market Penetration and Expanding into New Market Sectors

To increase our market share, we will continue to cultivate relationships with our existing customers. We intend to strengthen our relationships with existing customers by further enhancing our communications with them and assisting them in system upgrades in order to derive our revenue from a larger portion of their incremental capital expenditures for technological transformation of their businesses. We also plan to expand our geographical reach to, and strengthen our presence in, other major financial centres in the PRC such as Shanghai. In general, we will consider (i) either deploy our staff from the regions where we have operations, or (ii) outsource certain works to third party subcontractors to handle the projects. In determining whether to deploy our own staff or outsource certain works to subcontractors, we mainly consider (i) the profitability and pricing of these projects taking into account the potentially adverse financial impacts of subcontracting arrangement, and (ii) our capability of delivering services for these projects, taking into considerations factors such as whether our staff are fully occupied in our other projects. During the Track Record Period, we have geographically expanded our operation. Especially, the proportion of the revenue contribution from areas where we have no business operation (mainly including Shanghai, Jiangsu, Shandong and Hainan) increased from 8.6% for FY2016 to 17.1% for FP2019. Such geographical expansion plan also partially increased the usage of the subcontracting services and the proportion of the subcontracting fee to our cost of sales increased from 14.5% for FY2016 to 42.3% for FP2019. Although the gross profit margin of the IT maintenance and support services has been reduced in FY2018, the gross profit margin of data solutions has not been adversely affected by the increased usage of subcontracting services, which was increased from 23.9% for FY2016 to 39.2% for FP2019, and the percentage of our revenue contributed by the data solution business has been increased during the Track Record Period from 30.2% for FY2016 to 61.8% for FP2019. Given that (i) the subcontracting arrangement did not significantly affect the overall gross profit margin of our data solution projects during the Track Record Period, and (ii) our Directors expect that our data solution business will continue to expand with enhanced profitability, our Directors are of the view that in case there will be an increase in the usage of subcontracting arrangement on the projects located at regions where we have no operation, our financial performance will not be materially affected by such subcontracting arrangement in the future. Further, we intend to enhance our brand image and market recognition by actively organising and participating in marketing events, such as solutions showcase, FinTech workshops, and big data and AI science conferences. We also plan to increase the influence of the China Greater Bay Region Institute of Financial Innovation (粵港澳大灣區金融創新研究院) by organising industrial events and activities for key players in the financial industry of the Greater Bay Area. Leveraging Mr. Song's position as the associate dean of the committee of finance professionals of the Guangdong Provincial Association for Promotion of Cooperation between Guangdong, Hongkong and Macao* (廣東省港澳合作促進會), we will seek to further enhance our brand awareness and market recognition in the financial industry, which we believe will enable us to better attract customers, talents and business partners.

Our customer base comprises sizeable banks and financial institutions, which have multiple business lines (such as credit card, e-commerce, assets management and electronic banking segments) as well as a number of branches across the PRC. We believe our current services only cover a small fraction of our customers' budgets in technological transformation of their businesses, and we intend to leverage our existing relationships with them and strengthen our marketing efforts so as to capitalise on the cross-selling opportunities and to further expand our data solutions to other branches or revenue streams of these customers. For example, we provided our precision marketing solutions to Customer H, a wholly-owned subsidiary of one of the four major state-owned banks in the PRC, which implemented an integrated marketing platform in relation to their credit card business for individuals. Please refer to the paragraph headed "— Data Solutions — Case Studies — 1. Precision Marketing Solutions" in this section for further disclosure. Upon completion of this transaction, as a result of our track record and satisfactory service quality, we were engaged by Customer H to render precision marketing solutions to their wealth management business for individuals and further to their financial service business for enterprises within the same banking group, respectively. We plan to deepen our relationship with banks and other financial institutions by expanding our data solution offerings, thus allowing them to more effectively identify, acquire and retain their clients.

During the Track Record Period, our marketing efforts were mainly focused on Southern China and Beijing. The marketing events organised or participated by us can be broadly categorised into (i) talent acquisitions: the events that mainly aim to cultivate and recruit talents in the industry, such as sponsoring data analysis competitions for university students; (ii) industry events: forums, seminars, or conferences for industry networking, discussions on technical issue and experience exchange; (iii) Greater Bay Area conferences: the events or activities for industrial participants in the Greater Bay Area; and (iv) other events that aim to enhance our brand image and market recognition.

The table below summarises the marketing activities organised by us during the Track Record Period:

Year/period	Event nature	Number of organised events	Location	Number of external attendees per event	Approximate average cost per event
					(RMB'000)
FY2016	Talent acquisition	1	Shenzhen	50–60	50
FY2017	Industry event	2	Shenzhen	80–100	20
FY2018	Industry event	1	Beijing	180–190	340
FP2019	Industry event	3	Beijing, Nanjing	40–110	400

Apart from our self-organised marketing activities, we have also participated in 3 talent acquisition events, 22 industry events, 3 Greater Bay Area conferences and 1 other event during the Track Record Period, and incurred approximately RMB0.7 million, RMB1.0 million, RMB2.3 million and RMB0.7 million as expenses mainly in association with participating in such marketing events for FY2016, FY2017, FY2018 and FP2019, respectively. These marketing events were mainly held in Southern China and Beijing.

For FY2016, FY2017, FY2018 and FP2019, we have incurred approximately RMB0.5 million, RMB0.9 million, RMB2.0 million and RMB1.3 million, respectively, as expenses for organising and participating marketing events. During the Track Record Period, through the marketing events organised by us, we secured 8 new customers with the total contract sum of approximately RMB27.6 million, out of which approximately RMB24.1 million was for the provision of our data solution services. Considering our relatively high customer retention rate, our Directors expect these customers are likely to continue to bring us further businesses after the Track Record Period.

During the Track Record Period, we organised one talent acquisition event and participated three talent acquisition events. The organised talent acquisition event was of comparatively smaller scale. It was a half-day big data talent development seminar in Shenzhen with around 50 to 60 attendees which mainly consisted of experienced data analysts and engineers in the PRC big data and AI solution industry. The talent acquisition events which we participated included (i) two national data analysis competitions for university students hosted by SAS Beijing; and (ii) one data mining hackathon organised by the Department of Statistics & Actuarial Science of the University of Hong Kong. In particular, for the national data analysis competition held by SAS Beijing, over 3,000 university students from 1,036 teams participated in the event in 2017, and there were career talks and recruitment events at the end of the event, during which IT enterprises like us met students and introduced our internships and job opportunities. We spent approximately RMB0.8 million in total for participating these two national data analysis competitions.

During the Track Record Period, through these talent acquisition events organised or participated by us, we recruited a total of 14 personnel, consisting (i) 9 full-time employees (4 technical staff and 5 research and development staff); and (ii) 5 interns. Among these 9 full-time employees, we recruited 8 of them through the two national data analysis competitions organised by SAS Beijing and the data mining hackathon organised by the University of Hong Kong, and we recruited one full-time employee through the talent acquisition event organised by us.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we organised 2 industry event and participated in 6 industry events.

We believe participating in marketing events is an effective means of enhancing our brand awareness and market recognition in the financial industry and expanding our revenue streams. During the Track Record Period, we successfully converted participants of marketing events into our customers. For example, a PRC-listed bank and its credit card centre have engaged us in five separate agreements to develop risk management solutions with the aggregate contract sum of approximately RMB9.8 million after having participated in one of our marketing events. In another instance, a bank listed on the Stock Exchange and its credit card centre engaged us in six separate agreements with the aggregate contract sum of approximately RMB9.3 million for providing data solutions and sales of software products after having participated in another marketing event.

We intend to use approximately 20.0% of the net proceeds from the Share Offer, or approximately HK$25.8 million, for enhancing our sales and marketing efforts, which is significantly higher than sale and marketing expenses we incurred during the Track Record Period, due to the following reasons:

(i) Our Directors consider that organising or participation in marketing events is an effective way of building relationships with potential customers, solidify our relationships with existing customers, and demonstrate our technical capabilities. We believe it creates and provides such scenario for displaying our past successful cases and introducing our service offerings to both potential customers and existing customers. Since the entry barrier to the big data and AI solution market of the financial industry is relatively high, by participating in market events, especially those events collaborating with renowned universities or reputable IT technology companies, we could establish a positive image for our business, strengthen our customer confidence in our capabilities and enhance market recognition of our solutions and services, thereby increasing our chance of winning bids in the tenders onwards.

(ii) The majority of marketing events that we participated during the Track Record Period are not organised by us, in which we have less flexibility and our sales and marketing efforts are limited by organisers to some extent. Furthermore, we typically do not have access to attendee lists, rendering it difficult to for us to trace and reach out to potential customers.

Going forward, we intend to organise more market events in larger scales which will incur higher amount of marketing expense. This will allow us to take a leading role in deciding the size, venue, themes and duration of events and the optimal way to showcase our data solutions. We are also able to design the events specially focused on our target markets and integrate the marketing events with our business development strategies.

(iii) We plan to expand our business to other geographical areas, such as Shanghai, and penetrate into mid-tier markets which comprise small and mid-sized banks and financial institutions in the future. In line with our expansion plans, we will organise or participate more marketing events focused on our target markets. Our Directors believe that such marketing events will give us the opportunities to systematically showcase our data solutions to and help us establish relationship with potential customers in our target markets.

The table below summarises our future plan on the sales and marketing activities to be organised by us during the periods subsequent to the Latest Practicable Date: up to 31 December 2019 and for FY2020 and FY2021, respectively:

Year	Event nature	Number of planned events	Location	Number of external attendees per event	Expected average cost range per event	Funding source
					(RMB'000)	
2019	Industry event	1	Beijing/Shenzhen	50–100	60–80	Working capital
2020	Talent acquisition	1	Shenzhen	500–700	600–800	Net proceeds from the Share Offer
	Industry event	13	Beijing/Shanghai/ Guangzhou/ Shenzhen	100–300	250–300	Net proceeds from the Share Offer
	Greater Bay Area conference	3	Shenzhen/ Guangzhou	200–500	600–800	Net proceeds from the Share Offer
2021	Talent acquisition	1	Shenzhen	800–1,000	1,000–1,300	Net proceeds from the Share Offer
	Industry event	13	Beijing/Shanghai/ Guangzhou/ Shenzhen	100–300	300–400	Net proceeds from the Share Offer
	Greater Bay Area conference	3	Shenzhen/ Guangzhou	300–500	700–800	Net proceeds from the Share Offer

Apart from our self-organised marketing activities, we expect that we will participate in industry events and Greater Bay Area conferences which are to be held in Beijing and Southern China from FY2019 to FY2021. We expect that we will incur marketing expenses for such events for approximately RMB0.9 million, RMB1.8 million and RMB2.3 million for FY2019, FY2020 and FY2021, respectively.

Amongst these marketing activities, we plan to organise two talent acquisition events in Shenzhen during FY2020 and FY2021. These talent acquisition events are FinTech competitions for experienced professionals and university students to solve real life business problems in financial industry using big data and machine learning techniques, which will have around 500 to 1,000 participants per competition.

Our Directors believe that there is a need for organising such large scale talent acquisition events after taking into account the followings:

(i) According to F&S Report, there is a limited pool of skilled and experienced talents who possess both extensive technical skills in provision of big data and AI solutions, and a profound understanding of the application scenarios in customer downstream industries. Thus, it is necessary for us to organise or participate different talent acquisition events to broaden our channels in recruiting appropriate talents.

(ii) In line with our future research and development plan, as well as our strategies to enhance our market penetration and expand our geographical reaches, we need to recruit additional staff with the necessary skills and knowledge to enhance our research and development capabilities and achieve our planned expansion.

(iii) During the Track Record Period, we have successfully recruited 8 full time employees through the two national data analysis competitions organised by SAS Beijing and the data mining hackathon organised by the University of Hong Kong. Based on our past experience in participating these similar competitions and hackathon, our Directors consider organising the FinTech competitions in future will establish a positive image for our business, enhance market awareness and recognition towards us in the industry, and allow us to approach and further recruit talents with solid academic backgrounds as well as practical problem-solving capabilities.

Going forward, we expect that we will incur approximately RMB1.6 million to RMB2.1 million in organising these two FinTech competitions. Such expense estimates are made with reference to the expected scale of the FinTech competitions with around 500 to 1,000 participants per competition, and the total expenses of approximately RMB0.8 million for us to participate the two national data analysis competitions held by SAS Beijing during the Track Record Period.

By the end of 2021, we plan to organise and participate as a sponsor for a total of 51 marketing events. We plan to organise 36 out of 51 marketing events and participate as a sponsor for the rest 15 marketing events. All of our marketing events are planned to be held in Beijing, Shanghai, Guangzhou and Shenzhen. The scale for each marketing event shall generally range from 100 to 1,000 participants.

Apart from the marketing activities to be carried out, we plan to spend approximately RMB0.4 million, RMB3.1 million and RMB2.4 million for corporate branding activities in FY2019, FY2020 and FY2021, respectively. These corporate branding activities include producing promotional videos and conducting publicity and promotion through online media.

Leveraging our strengths in the big data and AI technologies, we will seek to penetrate into the mid-tier market which comprises small and mid-sized banks and financial institutions, such as city commercial banks and rural financial institutions in the PRC. We intend to develop more simplified and cost-effective data solutions for customers with a relatively lower level of budgets and technical requirements. According to the F&S Report, strong demands from banks and financial institutions, and the advancements of big data and AI technologies, are expected to continuously drive the big data and AI solution market for financial industry to sustain growth, with its market size to increase from RMB31.7 billion in 2019 to RMB192.1 billion in 2023, at a CAGR of 56.9%. In 2017, there are a total of 134 city commercial banks and 2,431 rural financial institutions in the PRC, total assets of which accounted for 12.3% and 13.2% of the total assets of the PRC financial industry, respectively. These mid-tier market players are keen on efficiently replicating the successful digital transformation of leading banks and financial institutions. We believe we are able to capitalise on our industry reputation, proven track record and extensive project experience with leading banks and financial institutions, to further expand into this new market sectors of the PRC financial industry.

During the Track Record Period, we provided our data solutions mainly to banks and financial institutions in the PRC. We have also successfully expanded our data solution offerings to customers in other market sectors, such as insurance companies, securities companies, internet finance service providers and other enterprises. By leveraging our technological expertise and project experience, we intend to expand into other customer downstream industries. We believe those customers require experienced data solution providers to assist them to achieve the technological transformation of their businesses.

Enhancing our Research and Development Capabilities and Infrastructure

To strengthen our competitive advantage in advanced technologies, we will continue to improve our research and development capabilities by continuing to recruit, retain and train our research and development staff. We will recruit one employee with a PhD-degree with area of concentration on AI, statistics or applied mathematics. We will continue to adopt a tutoring system, under which our junior staff work closely with senior researchers to enhance knowledge exchange and personal growth. We will further strengthen collaboration between our technical team and our financial AI laboratory to accumulate and crystalise insights gained from practical experience into enhancing research and development capabilities. We will continue to provide our research and development staff with employee training as well as development programmes, collegial working environment, competitive compensation structure as well as internal promotion opportunities to enhance their creativity, loyalty, job satisfaction and cohesiveness.

In view of the increasing demands in the PRC big data and AI solution industry, we also plan to expand and upgrade our research and development infrastructure to reduce development cycle of our solutions and products and strengthen our research and development capabilities. According to the F&S Report, the market size of big data and AI solution industry in the PRC is expected to increase from RMB212.8 billion to RMB982.7 billion from 2019 to 2023, with a CAGR of 46.6% as driven by strong governmental supports, growing demands from customer down stream industries and technological advancements. We have entered into agreements with an Independent Third Party to purchase the Haina Property in Shenzhen which has a gross floor area of 3,098 sq.m.. We intend to use the Haina Property to accommodate an AI technology display centre, the financial AI laboratory and our office premises. Our Directors believe the development plan of the Haina Property will bring us the following benefits:

(i) The Haina Property provides a large and spacious premise for our current operation and possible future expansion. The majority of our Shenzhen office functions and financial AI laboratory will be relocated to the Haina Property, except part of the sales function, which allows our Group to consolidate most of our core business functions into one location.

(ii) We believe a well-decorated display centre will be a suitable venue to conduct face-to-face meetings with our customers and showcase our data solutions. Given the complexity of our data solutions, a display centre demonstrating our past successful cases facilitates and helps customers to obtain a good understanding of our service offerings. Such display centre will facilitate our communications with our customers, enhance our brand image and promote our business development.

(iii) According to the F&S Report, it will become a key trend in the future that data solution providers establish their own AI laboratories, in the light of intensified market competition and rapid technological advancement. AI laboratories are usually focused on certain areas which are aligned with the core businesses of big data and AI solution companies. The laboratories support big data and AI solution companies with refined solutions, and therefore, big data and AI solution companies are expected to invest continuously in AI laboratories. The financial AI laboratory in the Haina Property will be equipped with advanced data infrastructure such as more powerful servers, processing platforms and application clusters. It will provide us higher computing power to support the development of highly sophisticated technologies, such as image recognition and processing technology, as well as realising our endeavors in bringing the cutting-edge technologies to industry applications.

(iv) Given that the Haina Property will be a property owned by us, reallocating most of our Shenzhen office functions and our financial AI laboratory there, and establishing the AI technology display centre in such premise would mitigate the risk of possible substantial increases in rental expenses and ensure the continuity of our operation. It also eliminates the risk of incurring excessive decoration, renovation and relocation costs in case of early termination or non-renewal of the tenancy agreement by the landlord. Instead, using our owned premise gives us the liberty to renovate and decorate the premise to better suit for different functionalities.

We have been operating a financial AI laboratory since January 2019. Currently, the servers of our financial AI laboratory are located in a premise owned by a third party at Yantian District, Shenzhen. We plan to relocate the servers as well as research and development staff of the existing AI laboratory to the new financial AI laboratory in the Haina Property, which is expected to commence operation around 1H2021. Comparing with our current AI laboratory at Yantian District, our Directors believe that the new financial AI laboratory to be established in the Haina Property will bring us the following benefits:

(i) Our current AI laboratory has limited space and has constrained computing power and storage capabilities. It has around 42 rack cabinets with less advanced infrastructure, which are unable to support our future needs for research and development.

(ii) The new AI laboratory will have a gross floor area of 1,400 sq.m. accommodating 192 rack cabinets. It will also be equipped with more powerful servers, processing platforms and application clusters than those of our current AI laboratory. For example, we will use high-end storage with storage capacity at petabyte (10^{15} bytes) level. Graphics processing units (GPUs) will also be used in our processing platforms, as their highly parallel structure makes them more efficient than central processing units (CPUs) for complicated algorithms, such as deep learning and neural network applications that process large blocks of data in parallel.

(iii) We plan to set up a distributed computing system in our new financial AI laboratory. Compared with the centralized storage system in our current AI laboratory, the distributed computing system will allow data processed by multiple computers within the same network for higher efficiency and performance. Our Directors believes that the new financial AI laboratory will provide us more computing power and storage capacities to support our future needs for research and development.

(iv) The servers in our current AI laboratory were located in a premise owned by a third party. These servers are owned by us and maintained by such third party. Failure of such third party in performing its services may cause damages to our servers, disruption of our systems, and possible loss or leakage of data. Our Directors believe the relocation of the AI laboratory to the Haina Property allows us to maintain the servers by ourselves, and to attain better controls over the operation and daily maintenance of our AI laboratory, thereby reducing the risk of system disruption or damages. In the meantime, the relocation of our AI laboratory saves the rental and maintenance fees paid to the third party, which is currently RMB0.9 million per annum.

The following table sets out the major cost components of our development plan at the Haina Property and the breakdown of the use of net proceeds from the Share Offer for the development plan of the Haina Property:

	Usage	Estimated net proceed	
		HK$ million	*%*
(i)	Advanced data infrastructure construction of our financial AI laboratory, such as construction of electrical, networking, fire safety and air-conditioning systems	28.9	22.4%
(ii)	Purchases of equipment for our financial AI laboratory, such as purchase of servers, processing platforms and application clusters	10.1	7.8%
(iii)	Establishment of our new display centre	1.1	0.8%
(iv)	Establishment of office facilities	1.4	1.1%
(v)	Recruitment of a senior researcher with background in AI technologies, statistics and/or applied mathematics	3.7	2.9%
		45.2	35.0%

Please refer to the paragraph headed "— Real Properties — Property to be Acquired" in this section for further details on the Haina Property. We believe that further enhancing our research and development infrastructure by acquisition of new facilities and equipment, will solidify our core strengths in advanced technologies.

Collaborating with Business Partners and Leading Universities

We intend to strengthen our collaboration with business partners, such as hardware and software vendors, IT service providers and investment companies. Leveraging our synergies with the business network, customer bases and financial resources of our business alliance, we plan to further develop our data solutions and expand into new markets and geographical regions. For instance, as part of our efforts in developing the Eastern China market, we set up a joint venture company with two business partners in Nanjing, in line with the Nanjing municipal government's development plan of Nanjing Jiangbei New Area Yangtze New Finance Demonstration Area* (南京江北新區揚子江新金融示範區) (the "**Jiangbei New Area**"). Below are the details regarding the joint venture:

(a) Registered capital of the joint venture

— RMB2 million

(b) *Shareholding structure of the joint venture*

— 60% of the equity interest of the joint venture is owned by an investment company primarily engaged in investment and asset management, and management consultancy business;

— 20% of the equity interest of the joint venture is owned by an stated-owned company established by the Nanjing municipal government for the purposes of developing the Jiangbei New Area; and

— 20% of the equity interest of the joint venture is owned by Suoxinda Shenzhen.

(c) *Principal business of the joint venture*

— To establish and operate a finance technology display centre in the Jiangbei New Area, provide technical support and consultancy services to enterprises in the Jiangbei New Area, and organise forums and seminars in relation to the finance technology, with an aim to actively attract financial companies and recruit financial talents in the Jiangbei New Area.

(d) *Amount invested by our Group*

— According to the articles of the joint venture, the shareholders of the joint venture shall inject capital subscribed by them and the profit of the joint venture shall be distributed to its shareholders, in proportion to their respective shareholdings in the company. Accordingly, our Group is required to invest RMB0.4 million into the joint venture pursuant to its articles;

— As at the Latest Practicable Date, we have injected capital of RMB0.4 million into the joint venture.

(e) *Cost/profit/loss sharing arrangement of the joint venture*

— Other than the amount to be invested by our Group, we did not have any specific cost, profit or loss sharing arrangements with other shareholders of the joint venture.

Our Directors believe the joint venture will serve as our regional platform for interacting with industry participants and potential customers in Nanjing, and further promoting and exploring the applications of our data solutions in the PRC financial industry. We intend to continue to selectively cooperate with new business partners when suitable business opportunities arise so as to accelerate the growth of our business, customer base and market share in the industry.

Moreover, we plan to continue to collaborate with leading universities such as the University of Hong Kong to cultivate talents for the industry. For instance, we offer internship opportunities to students of collaborating universities, through which we are provided with a good opportunity to select and hire talents after observe and assess candidates' performance.

Selectively Pursuing Strategic Acquisitions to Enhance Our Market Position

We believe that the PRC big data and AI solution industry currently is highly fragmented and ready for consolidation. According to the F&S Report, there were a significant number of solution providers in the market, and the top five market players only had an aggregate market share of 9.5% in 2018 in term of revenue contributed by big data and AI solutions. We plan to selectively pursue strategic acquisitions to supplement our organic growth. In particular, we will actively seek strategic acquisition opportunities to enhance the breadth and depth of our analytics solution offerings and solution development capabilities, as well as expand our customer base.

We plan to selectively acquire (i) IT startups with cutting-edge technologies and advanced research and development personnels to further enhance our research and development capabilities and to acquire cutting-edge technologies that will help us to enhance our competitive advantages of advanced technologies; (ii) small scale competitors with an attractive niche customer base and strong execution capability to further expand our customer reach and regional coverage; and (iii) small scale market players along the industry value chain whose businesses can be vertically integrated with our business, thus enhancing our business structure and operational efficiency.

We will evaluate potential acquisition targets based on a range of factors, including technology capabilities, project portfolios, product and service offerings, customer base and potential synergies with our business. In particular, the target company should be located in the PRC with cutting-edge big data and AI technologies or complementary technological capabilities. The size of the target company is with an annual revenue of approximately RMB20 million and less than 100 staff. It should have a customer base comprising mainly banks and financial institutions. As at the Latest Practicable Date, we had not identified any specific acquisition target.

OUR BUSINESS MODEL

We are a market player in the big data and AI industry in the PRC. We categorise our major revenue streams into (i) big data and AI solutions; (ii) sales of hardware and software and related services as an integrated service; and (iii) IT maintenance and support services. During the Track Record Period, we have not adopted any change in our business model. The following table sets out a breakdown of our revenue derived from each stream for the periods indicated.

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000* (unaudited)	*% of revenue*	*RMB'000*	*% of revenue*
Data solutions										
Analytics solutions	25,553	15.0	29,660	21.3	80,386	43.3	8,793	21.3	28,668	42.3
Data infrastructure solutions	25,912	15.2	9,909	7.1	6,310	3.4	2,494	6.0	13,182	19.5
Sub-total	51,465	30.2	39,569	28.4	86,696	46.7	11,287	27.3	41,850	61.8
Sales of hardware and software and related services as an integrated service	86,970	51.0	70,877	50.8	60,851	32.8	14,551	35.3	12,908	19.0
IT maintenance and support services	31,969	18.8	28,940	20.8	38,002	20.5	15,416	37.4	13,032	19.2
Total	170,404	100.0	139,386	100.0	185,549	100.0	41,254	100.0	67,790	100.0

- *Data solutions*. Our data solutions consist of data infrastructure solutions and analytics solutions. Under our data infrastructure solutions, we optimise data infrastructure environments of our customers by designing and constructing integrated and customised data storage, cleaning and processing systems which are suitable for subsequent usage and analysis meeting their individualised demands. Built upon our customised data infrastructure environments within customers' systems, we develop and deliver tailored analytics solutions to our customers to achieve their business objectives, such as improving the efficiency of their marketing activities, enhancing risk control measures and optimising supply chain management.

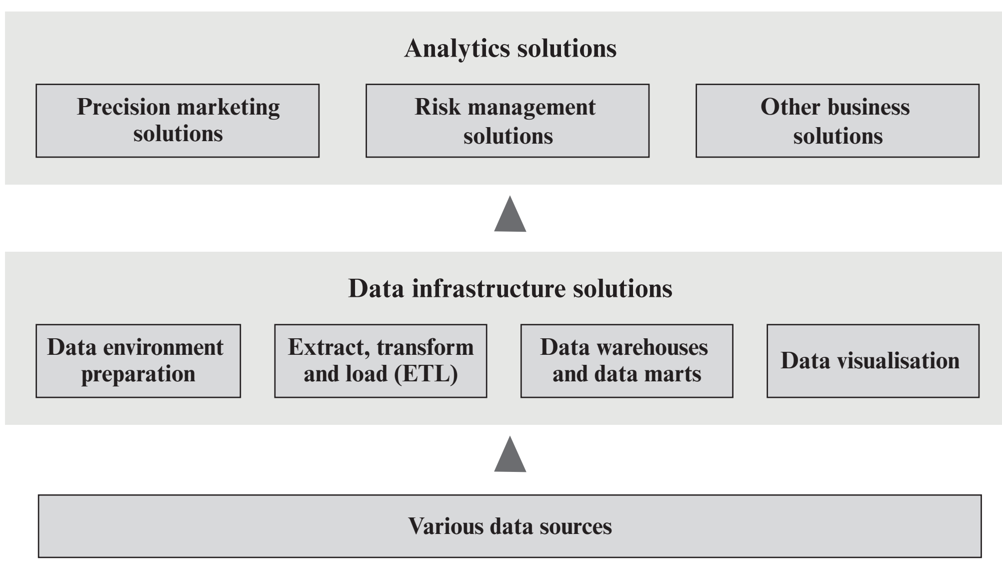
- *Sales of hardware and software and related services as an integrated service*. We identify, source and sell standardised hardware and software products to cater to our customers' needs. In addition, we sell our self-developed software products, such as Suoxinda Intelligent Marketing Platform* (索信達智慧營銷平台), to our customers. We also provide basic installation, maintenance and support services alongside such sales.

- *IT maintenance and support services*. We help our customers build and optimise their IT systems based on their needs and requirements. We provide system support, maintenance and upgrading services.

DATA SOLUTIONS

Our data solutions consist of data infrastructure solutions and analytics solutions. Under our data infrastructure solutions, we optimise data infrastructure environments of our customers by designing and constructing integrated and customised data storage, cleaning and processing systems which are suitable for subsequent usage and analysis meeting their individualised demands. Built upon our customised data infrastructure environments within customers' systems, we develop and deliver tailored analytics solutions to our customers to achieve their business objectives, such as improving the efficiency of their marketing activities, enhancing risk control measures and optimising supply chain management. The operation of our analytics solutions requires data infrastructure. In some cases, we provide our analytics solutions in an integrated way by constructing the data infrastructure for our customers and then developing the analytics solutions based on such data infrastructure. In other cases, we are required to provide analytics solutions based on the existing data infrastructure of our customers, which have already built in our customers' systems by other IT service providers.

Our data infrastructure solutions and analytics solutions are interconnected with each other. The following diagram illustrates our data infrastructure solutions and our analytics solutions:



During the Track Record Period, the proportion of revenue contribution from data analytics increased. The table below sets forth a breakdown of profit we derived from the provision of data solutions during the Track Record Period:

	FY2016	FY2017	FY2018	FP2018	FP2019
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* (unaudited)	*(RMB'000)*
Data analytics solutions					
Revenue	25,553	29,660	80,386	8,793	28,668
Gross profit	6,772	9,607	30,115	3,565	10,963
Gross profit margin	26.5%	32.4%	37.5%	40.6%	38.2%
Data infrastructure solutions					
Revenue	25,912	9,909	6,310	2,494	13,182
Gross profit	5,528	3,842	2,264	694	5,427
Gross profit margin	21.3%	38.8%	35.9%	27.8%	41.2%

We have also been making continuous efforts to enhance our data solutions by interacting with our customers and incorporating their feedback into our solutions. During the Track Record Period, we have gradually focused our solution offerings on customers in the PRC financial industry. Our revenue derived from the provision of data solutions to end users who were in the financial industry increased from RMB31.8 million for FY 2016 to RMB54.3 million for FY2018, representing a CAGR of 30.7%. It further increased by 267.7% from RMB8.5 million for FP2018 to RMB31.2 million for FP2019. According to the F&S Report, banks and financial institutions prefer to engage external vendors to develop data infrastructure and analytics solutions. Please refer to the section headed "Industry Overview — The PRC Big Data and AI Solution Industry — Market Segment of Big Data and AI Solutions of the PRC Financial Industry" for further disclosure.

We strategically focused on serving the customers from the PRC financial industry, including banks and financial institutions. During the Track Record Period, we mainly offered data infrastructure solutions, precision marketing solutions and risk management solutions to banks and financial institutions. According to the F&S Report, it is an industry norm for banks and financial institutions to procure data solutions, at the corporate level which are consistently applied and used for all branches, or at the branch level which are used by certain branches to suit their specific local needs. With a significant number of approximately 1,500 data solution providers in the market, the PRC big data and AI solution market is highly fragmented. It is common for the banks and financial institutions to use data solutions of different service providers for various branches based on their business needs. Different branches of the banks and financial institutions may have various needs due to their different geographic locations, client categories, budgets and IT infrastructures. Branches are usually given flexibility in procuring customised data solutions by themselves. Banks and financial institutions usually adopt quality control measures to manage the quality of works conducted by different suppliers and to ensure such works meet their internal guidelines and policies and centralised framework. Below we further elaborate how these data solutions were applied to the banks and financial institutions during the Track Record Period.

Data Infrastructure Solutions

Under our data infrastructure solution, we optimise data infrastructure environment of our customers by designing and constructing integrated and customised data storage, cleaning and processing systems which are suitable for subsequent usage and analysis meeting their individualised demands. The data infrastructure environment built by us normally includes databases and data warehouses, data processing systems, scoring engines and grids. The data infrastructure fetches, integrates and merges data from multiple databases and sources provided by our customers. After we aggregate and store the data in the data marts or data warehouse, we then process, clean and standardise the aggregated data to ensure data consistency and completeness so as to optimise the performance of our data infrastructures in providing valuable data for subsequent usage and analysis.

During the Track Record Period, based on our customers' needs, our data infrastructure solutions may contain the following:

- *Data environment preparation*. We assess our customers' analytics needs to design and construct the optimal data infrastructure environment. For instance, depending on needs, costs and project requirements, we deploy different technologies for the data infrastructure, such as distributed computing and stream computing. We then select and propose the most appropriate hardware and software, as well as design an implementation plan that suits our customers' individual needs. We utilise and customise system hardware, such as servers and distributive storage devices, as well as data processing systems and data warehouses, to construct data infrastructures for our customers for further usage and analysis. Depending on our customers' specifications, we may provide additional advice to them in optimising, upgrading and changing their existing data infrastructures.

- *Extract, transform and load (ETL)*. ETL is the general procedure of extracting, transforming and loading data from data sources to the destination system. We first extract data dispersed across different locations, database systems and departments of our customers. Then we cleanse data by detecting anomalies in the original data, evaluating data authenticity and sifting out non-usable, corrupted or redundant data. We further transform the data into a storage format or structure that is suitable for querying and analysis. The data is finally inserted into the target database such as operational data store, data mart or data warehouse.

- *Data warehouse and data marts*. Data warehouses are large centralised repositories of data that contains information from various sources. In order to standardise data analysis and develop simplified usage patterns, data from data warehouse can be extracted to form small sized data marts. Built upon data warehouses, data marts are oriented to a specific business goals, such as marketing data marts and risk management data marts. Data marts contain repositories of summarised data collected for analysis on a specific section or unit within an organisation. Each data mart is dedicated to the study of a specific problem. Based on our historical project experience with different enterprise customers, we optimise the structures of data warehouses and data marts based on the types and features of data and make it more suitable for subsequent data usage and data analysis.

- *Data visualisation*. We offer visualisation tools and dashboards that allow users to interact directly with data by using simple fingertip and point-and-click gestures to perform data querying and answer questions. Our visualisation tools and dashboards are designed to be a rich interface that supports interactive data querying and integrates across device formats.

Please refer to the paragraph headed "— Our Technologies — Big Data Technologies" in this section for further disclosure of the technologies we use in providing data infrastructure solutions.

Our data infrastructure solutions to our financial customers

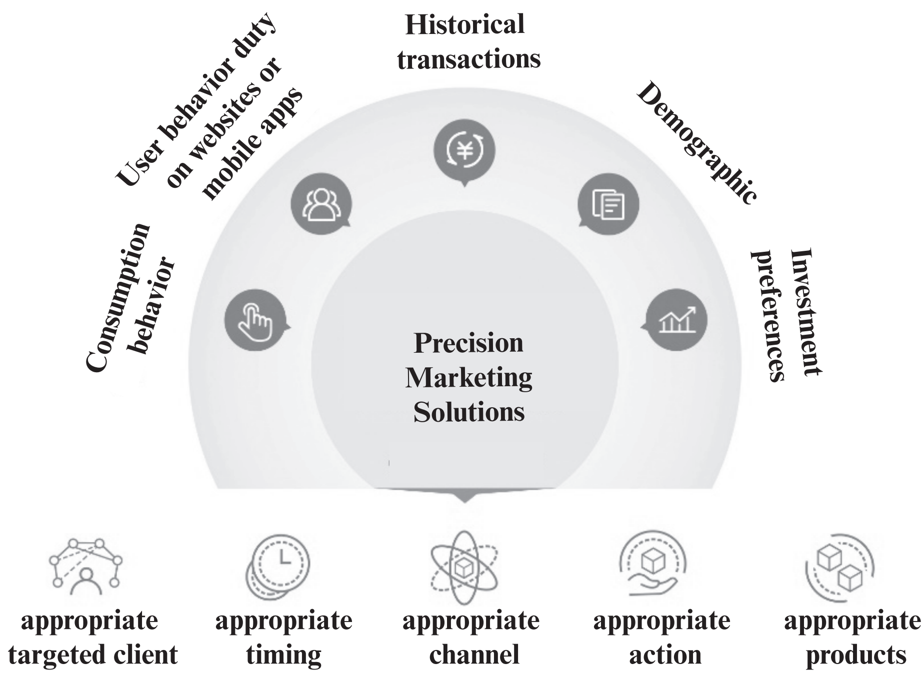
During the Track Record Period, our customers from the financial industry had different business objectives and implemented our data infrastructure solutions at various levels according to their business needs. Our data infrastructure solutions either can be implemented across all branches of a particular bank, or for the whole business function of the bank, such as setting up a data warehouse for the whole bank; or can be used by certain local branches for specific local purposes, such as setting up a local system for data storage and processing at the branch level.

Analytics Solutions

Built upon the data infrastructure environment of our customers, we develop and deliver tailored analytics solutions to our customers to achieve their business objectives, such as improving the efficiency of their marketing activities, enhancing risk control measures and optimising supply chain management. In some cases, we provide our analytics solutions in an integrated way by constructing the data infrastructure for our customers and then developing the analytics solutions based on such data infrastructure. In other cases, we are required to provide analytics solutions based on the existing data infrastructure of our customers, which have already built in our customers' systems by other IT service providers. Our analytics solutions can be categorised into: (i) precision marketing solutions; (ii) risk management solutions; and (iii) other business solutions. We evaluate market opportunities and expand our offering of data solutions to increase the productivity of our customers. We have also been making efforts to enhance our data solutions by interacting with our customers and incorporating their feedback into our data solutions.

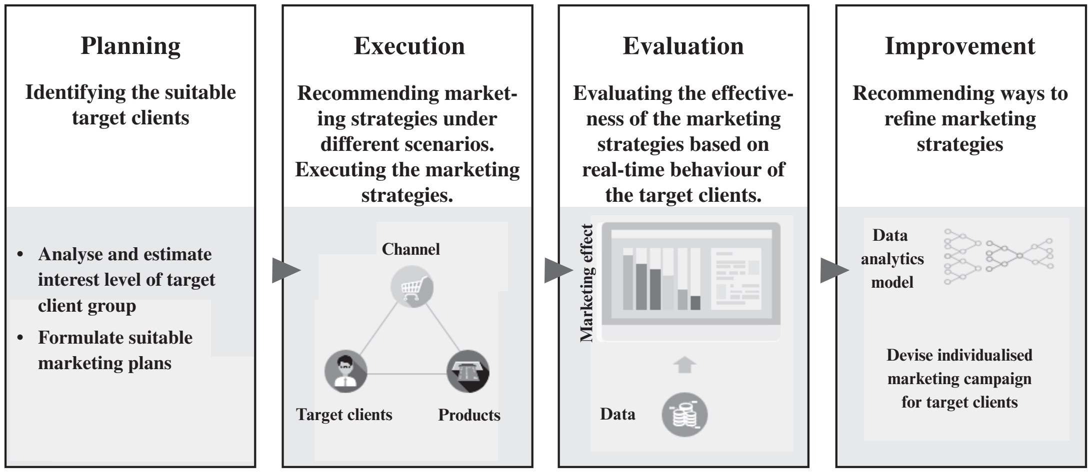
Precision Marketing Solutions

We offer precision marketing solutions to our customers. Our precision marketing solutions mainly used by our banking customers in promotion of the sales of their products and services to their target clients. Premised on data infrastructures developed by us or other IT solution providers in our customers' systems, our solutions allow them to enhance the effectiveness of their marketing efforts by utilising vast amounts of data.



The data infrastructure that we have developed and constructed in our customers' systems integrate, collect, store and analyse vast amounts of internal data from various departments of our enterprise customers, as well as external data, such as user behavioural data on our customers' websites or mobile applications. Applying data processing and statistics tools, our solutions find patterns and generate basic tags to describe the common traits of client groups of our customers from various dimensions, including but not limited to basic demographics such as age and gender, income levels, educational levels, relationship status, historical transaction records, spending patterns, consumption behaviours, assets portfolios and investment preferences. In addition to basic tags, we can further design and generate specific tags based on the characteristics of a specific industry and tailored requests from our customers. Depends on our customers' needs, we may utilise machine learning tools to enhance the accuracy and predictiveness of data tagging.

Utilising big data and AI technologies, our customers are able to identify and portrait their clients, analyse their clients' behaviours and consumption patterns, measure the effectiveness of marketing campaigns, and select the most suitable business strategies for client base expansion.



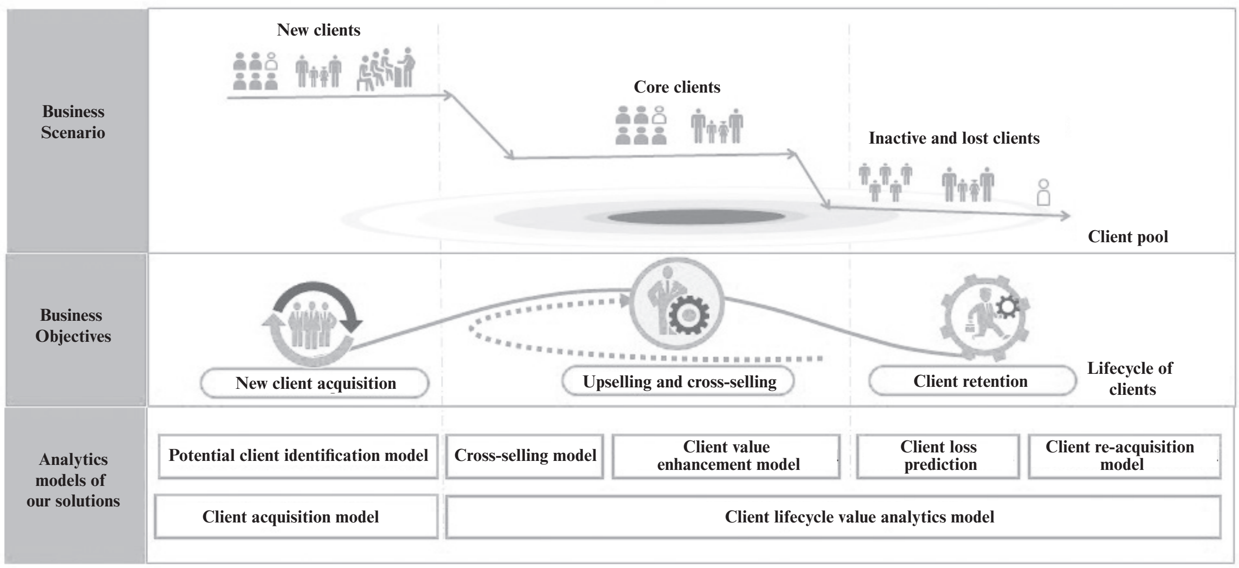
Set out below is a typical cycle of our customers' marketing activities:

- *Planning*. Before our customers launch precision marketing campaigns, our solutions analyse the interest level of different client groups towards our customers' products or services and generate tags of target conditions, such as income levels, investment preference and interest tags for the target client groups. Such analysis can help our customers identify the target clients for their products or services and assist them in formulating suitable marketing plans based on the needs and preferences of their target clients. Certain of our solutions also provide robo-advisor services, which provide individualised investment advices to target clients.

- *Execution*. Our solutions help customers match the target clients with their preferred marketing channels, such as telephone calls, emails, text messages and push notifications on mobile applications, as well as the most suitable marketing time according to their daily routines, which enable our customers to create ideal scenario settings to market products or services to the target clients.

- *Evaluation*. During the marketing campaigns, our solutions monitor the target clients' feedback, such as clicks made by clients online, time they spent on browsing target advertisements, and rate of conversion. Such real-time client behaviour data is then sent back to our customers' systems for evaluation of the efficiency of the relevant marketing campaigns.

- *Improvement*. Utilising big data and AI technologies, our analytics solutions evaluate and analyse the implementation data of marketing campaigns to produce recommendations on ways to refine our customers' marketing strategies, further adjust target client groups, change marketing channels and recommend more relevant products to the target clients. As such, the content of each marketing campaign becomes individualised for specific target client groups across multiple marketing channels, thereby enhancing the customer's ability to increase sales to the existing clients and acquire new clients. Moreover, our solutions enable customers to measure the effectiveness of marketing campaigns and gain an understanding of the more suitable business strategies for future development.



Our precision marketing solutions also help our customers manage the different stages of their target clients' lifecycle:

- *New client acquisition*. Our analytics solutions can identify most probable target clients through analysis of all the target clients' relevant attributes and behavioural analytics. It can identify the right channels to contact the target clients. It can also be used to determine price points and discounts that will most likely attract the target clients.

- *Upselling and cross-selling*. Our analytics solutions can help identify the products and services that the target clients will likely buy. To cater our customers' needs, we offer a wide range of analytics models, such as client value enhancement models, cross-selling modes and robo-advisor models to increase upselling and cross-selling of our customers.

- *Client retention*. Predictive client analytics help prevent client attrition. Through various analytics models, such as client loss prediction models and client re-acquisition models, our solutions can identify the target clients who are most likely to leave and the best time for contacting them. This helps our customers to take actions at the right time. Predictive client analytics can help identify the right marketing programmes based on types of the target clients.

Our precision marketing solutions to our financial customers

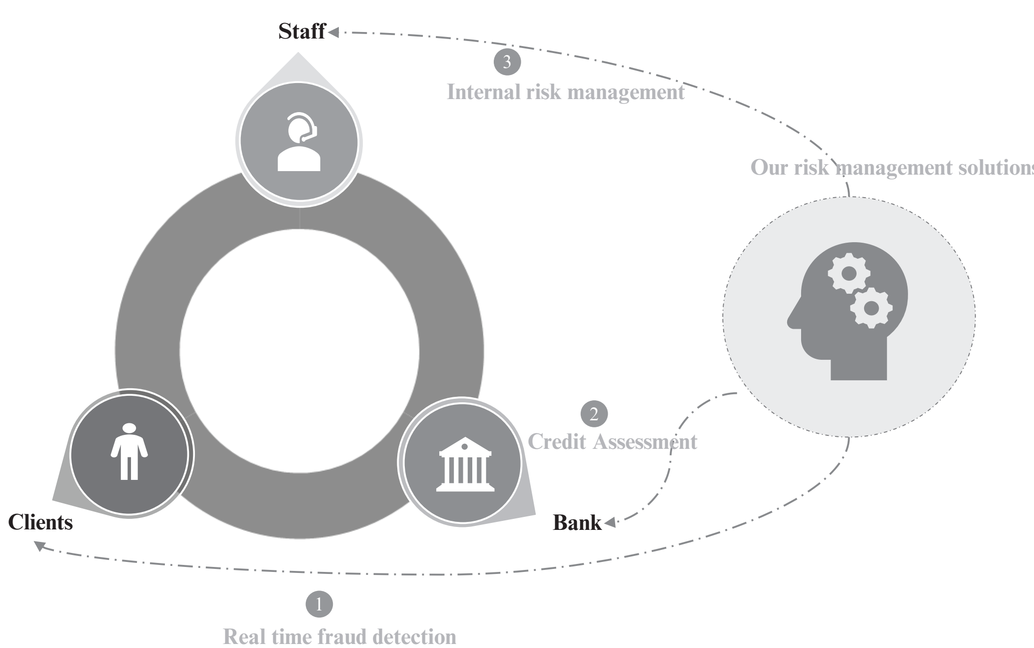
According to the F&S Report, the financial institutions have gradually realised the significance of scenario-based financial consumptions, which require the application of AI technologies to help the financial institutions to locate potential customers and understand their needs. Such demands drive the development of the precision marketing applications. During the Track Record Period, as our customers from the financial industry had different business objectives and needs, the coverage of our solutions are different. Such solutions either can be implemented across all branches of a particular bank or for the whole business function of the bank, or can be used by certain branches for specific local purposes.

For an illustration of how our precision marketing solutions aid customers in their business operations, please refer to the paragraph headed "— Data Solutions — Case Studies — 1. Precision Marketing Solutions" in this section.

Risk Management Solutions

The ease and affordability of executing financial transactions online have led to an increase in transaction volume, and thus an increase in data volume. Such growth translates into needs in the application of big data and AI technologies in risk functions of banks and financial institutions. Our risk management solutions allow our customers to utilise the vast amount of data and identify and mitigate risks which are critical to the regulatory compliance, operating efficiency and financial performance of their businesses. Our risk management solution are built on the data infrastructure environments which automatically aggregate data from both internal and external sources.

Our risk management solutions penetrate into the entire process of risk control. Our solutions enhance our customers' risk control capabilities in a wide range of scenarios, including real-time fraud detection, credit assessment and internal risk management.



- *Real-time fraud detection*. Our solutions enable customers to analyse large amounts of transaction data, such as credit card transactions, internet banking and online payments by utilising big data and AI technologies. Our solutions gather data from our customers' risk management departments and business units, as well as publicly available data, such as lists of persons who defaulted in transactions as published by the PRC courts. Our customers may build client black lists or white lists based on the risk assessment and profiling conducted by our solutions. We also build risk monitoring and management systems based on real-time data processing and intelligent fraud detection models. Our solutions capture fraud signals from a massive amount of data regarding client behaviours, analyse them in real-time using big data and AI technologies, intercept abnormal transactions and issue alerts or warnings if potential defaults or frauds are detected. These abilities are crucial in reducing transaction loss rates for our customers.

- *Credit assessment*. We utilise big data and AI analytics models and algorithms to help our customers determine the creditworthiness of borrowers. Our risk management solutions first translate and combine complex data, such as borrowers' historical transaction records, social medial data, behavioural data and credit history to evaluate borrowers' financial status and creditworthiness. Utilising the vast amount of data that our customers have accumulated in the course of business, including among others, their clients' credit history, personal credit lines offered by banks, consumption patterns and past repayment behaviours, our solutions are able to assess and formulate the profiles of their clients' credit risk against future borrowing. The reliability and the vast volume of the data lay a strong foundation for our use of AI technologies to optimise the credit assessment models used in our risk management solutions. Our solutions enhance the accuracy, comprehensiveness and efficiency of credit assessment as compared to traditional credit assessment methods which rely only on a limited number of criteria.

- *Internal risk management*. Our solutions enable customers to adopt a technology-driven risk management framework to manage risks across their operations. By gathering and analysing internal operating data from various departments across an organisation, our solutions enable customers to actively monitor and manage risks inherent to their operations, thus enhancing the effectiveness of internal control. For example, utilising AI technologies, our solutions can provide employee risk profiling, which allows our customers to assess the probability of fraud and suspicious activities by each employee, and to take any necessary precautionary measures in a timely manner.

Our risk management solutions to our financial customers

According to the F&S Report, the traditional financial institutions have mostly relied on offline risk management methods with limited experience in the construction of automated monitoring system. Such limitation lead to the insufficient capability of risk detection and early-warning of these financial institutions. Therefore, there are strong demands from banks and financial institutions to utilise AI technologies to enhance their risk management capabilities. According to the F&S Report, the China Banking Regulatory Commission issued "Guideline for Risk Management in Banking Industry (銀行業金融機構全面風險管理指引)", which requires the banks to implement the risk management system. To meet the corporate level needs, most of our risk management solutions have been developed for the consistent application across all branches of banks and financial institutions during the Track Record Period. In addition, we have offered risk management solutions to a branch office of a commercial bank in Shenzhen to suit its local needs, including (i) applied AI technologies to optimise specific risk management measures undertaken by such branch without affecting the overall risk management system of the bank; for example, our employee risk-profiling solution analyse transactions records, behavioural data of the employees to identify suspicious activities by employees of the branch, and (ii) setting up the risk management system for such branch according to the guidelines and policies issued by the head office of the bank.

For an illustration of how our risk management solutions aid customers in their business operations, please refer to the paragraph headed "— Data Solutions — Case Studies — 2. Risk Management Solutions" in this section.

Other Business Solutions

Big data and AI technologies enable more timely and accurate business decision making. By allowing our customers to analyse vast amounts of internal and external data, our solutions aid decision making process of our customers in various areas, including:

- *Voice of the Customer Solutions*. Our Voice of the Customer Solutions collect a vast amount of real-time and historical data regarding consumers' experiences with and expectations for our customers' products or services across all channels including forums, blogs, websites, e-commerce platforms and internal systems of our customers. It derives useful and timely information regarding market needs and market acceptance of our customers' products or services, as well as detects complaints and negative comments, thus facilitating the product development, service quality enhancement and decision making process of our customers.

- *Supply chain management solutions*. Our supply chain management solutions enable customers to use data for enhanced supply-chain and operational decision making. For instance, it enhances operational efficiency by analysing past sales of our customers' products to predict future sales, estimating the optimised inventory level and automatically coordinating the restocking process.

For an illustration of how our other business solutions aid customers in their business operations, please refer to the paragraph headed "— Data Solutions — Case Studies — 3. Voice of the Customer Solutions" and "Case Studies — 4. Supply Chain Management Solutions" in this section.

Please refer to the paragraph headed "— Our Technologies — AI Technologies" in this section for further disclosure of technologies we use in providing analytic solutions.

Case Studies

1. Precision Marketing Solutions

Customer background: Customer H is a wholly-owned subsidiary of one of the four major state-owned banks in the PRC. It is engaged in the credit cards issuing business.

Customer's requirements: A significant portion of the credit card clients of Customer H were inactive. Customer H sought to implement an integrated marketing platform that analysed client status and characteristics, and identified the clients that had high potential to be converted into active clients.

Solutions: We worked closely with Customer H to assess its needs to develop a client activity analytics model. The model allowed Customer H to identify and predict client activity, and devise specific marketing activities that target each group of clients based on their level of activities and characteristics. The following steps were undertaken to develop the solution:

- *Data extraction.* We investigated the data environment of Customer H and then selected appropriate transaction data, customer data and product data from varies of data generated in its business.

- *Data preparation.* After selecting the appropriate data, we cleansed, organised, consolidated and converted the raw data into processable format. Meanwhile, we conducted data trend analysis and displayed relevant results to the customer.

- *Modelling.* We constructed the model employing machine learning algorithms. Such model located factors that contribute to the client activity and identified the clients which had high potential to be covered into active clients.

- *Evaluation and deployment.* We verified the model by comparing the results of marketing activities targeting the high potential clients identified by the model and marketing activities targeting clients which were randomly selected. Based on the evaluation results, we made adjustments to fine tune the model. Then we deployed the model to Customer H's operation system for predicating the marketing effect.

Results: Customer H was able to (i) categorise clients according to the underlying factors leading to their level of activities; (ii) identify the clients that have high potential to be converted into active clients; and (iii) conduct suitable marketing activities. Using our precision marketing solution, Customer H had improved the conversion rate of inactive clients to active clients from approximately 1.6% to approximately 11.20%, an improvement of approximately 6.9 folds during the testing.

2. Risk Management Solutions

Customer background: Customer I was one of the 15 largest banks in the PRC in terms of revenue in 2018, with its shares listed on the Stock Exchange.

Customer's requirements: The anti-fraud detection system that Customer I previously used could only support passive post-event detection mechanism. Customer I wished to raise the intelligence level of its risk detection ability, thereby responding more flexibly and efficiently to various types of suspicious transactions.

Solutions: Based on the data analytics software provided by SAS, we delivered an anti-fraud solution to Customer I that provided the following functions:

- *Identification and alarm.* The anti-fraud analytics model developed by us introduced multi-dimensional analysis of card-holders' behaviours, thereby increasing the accuracy of identifying fraudulent transactions. If the system detected a fraudulent transaction, it would issue an alarm which sets out details of the transaction involved.

- *Real-time transaction interception.* The system analysed the behaviours of card-holders, and if required, instantaneously interpreted the transactions that met the characteristics identified by the anti-fraud analytics models.

- *Connection and cross-comparison.* The system could be connected to internal and external data sources, and cross-compare client data and transaction data from different sources;

- *Management examination.* The system could provide flexible interface for operators to check alarms and generate the analyses of fraudulent transactions in the form of charts and dashboards.

Results: The anti-fraud solution that we provided for Customer I was able to identify fraudulent transactions, and to intercept suspicious transactions on real-time basis. At a processing volume of 1,200 transactions per second, the system could process and intercept suspicious transactions within 50 milliseconds.

3. Voice of the Customer Solutions

Customer background: Customer J is one of the four largest PRC smart phone manufacturers in terms of revenue in 2018.

Customer's requirements: Given the competitive nature of the smartphone market in China, Customer J needs to effectively manage clients' responses and feedbacks towards its products, identify clients' needs, and discover emerging client trends. With the rise of social media and other information technologies, an AI-powered Voice of the Customer Solution is needed to gather, analyse and manage clients' views and feedbacks from a vast amount of internal and external data sources.

Solutions: Employing various technologies, we worked with Customer J to develop the system that provided the following functions:

- *Data collection*. Python programming language was employed to construct the request module, which automatically collects relevant data from external and internal data sources, such as news, forums, social media, and online stores. Data from certain internal data sources, such as the official forum of Customer J, was directly fed into the system.

- *Data processing*. Natural language processing technique was employed to derive contextual meaning from the vast amount of data. Different types of clients' views and feedbacks were then categorised into positive feedbacks and negative feedbacks.

- *Data display and application.* We used Java programming language to visualise analytics results in the system, such as dashboards and charts. The system enabled Customer J to analyse positive and negative feedbacks towards, as well as any exposed problems of, Customer J's products. Customer J could compare the characteristics and specifications of its competitors' products as mentioned in those feedbacks with its own products to identify differences. These analyses would be served as references for Customer J to improve its products' designs and formulate development plans for new products. The system also identified risk situations such as negative comments on special websites (such as websites of quality supervision authorities) and sensitive words (such as explosion) as well as created appropriate alarms.

Results: Compared to traditional manual gathering and monitoring of customer feedbacks and receptions, our Voice of the Customer Solution allowed Customer J to gather information from a wider range of channels, with less resources devoted. The system achieved an accuracy and coverage rate of 85.1% and 86.1%, respectively. The results of the analysis could later on be used in the quality control, servicing and planning for Customer J's business.

4. Supply Chain Management Solutions

Customer background: Customer K is engaged in the manufacturing, sale, and distribution of confectionery products primarily in the PRC.

Customer's requirements. Customer K has a complex product line and a multi-layered supply chain, coupled with a vast amount of historical operation data. It needs a supply chain management system that could (i) predict the sales of its various products; (ii) manage the promotion activities; and (iii) support all relevant employees of Customer K to check and examine data on a uniform platform.

Solutions: We worked together with Customer K to jointly develop a sales prediction analytics and coordination platform. Premised upon a data analytics software developed by SAS, the following steps were undertaken in constructing the platform:

- *Data preparation.* We investigated and organised supply chain level data, customers data, product data and historical sales data of Customer K.

- *Sales forecast.* We developed sale predictive models to forecast the sales volume of Customer K's products at the national, regional and store levels, and calculated the impact of promotion activities conducted by Customer K.
- *Platform construction.* We built a platform which enabled the employees of Customer K to input the data of products and promotion activities, conduct comparison analysis and promotion activities analysis, and check breakdowns of sales estimate and stock estimate, so as to assist Customer K to implement the sales plans and manage its supply chain effectively.

Results: The platform generated the sales projection of Customer K's lines of products, allowing it to coordinate supply chain activities based on such estimates.

Our Data Solutions Contracts

Completed Contracts

During the Track Record Period, we have completed 19, 45, 53 and 26 data solution contracts, respectively. The following table sets out certain information relating to our completed contracts for our data solutions during the Track Record Period:

	FY2016		FY2017		FY2018		FP2019	
	Number of completed contracts	Total contract sum	Number of completed contracts	Total contract sum	Number of completed contracts	Total contract sum	Number of completed contracts	Total contract sum
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
Data infrastructure solutions								
— Contract sum of RMB10,000,000 or above	1	21,908	—	—	—	—	—	—
— Financial	1	21,908	—	—	—	—	—	—
— Non-financial	—	—	—	—	—	—	—	—
— Contract sum below RMB10,000,000 but at or above RMB1,000,000	1	6,326	3	5,512	3	3,245	2	6,788
— Financial	1	6,326	1	1,491	2	2,160	1	1,609
— Non-financial	—	—	2	4,021	1	1,085	1	5,179
— Contract sum below RMB1,000,000 but at or above RMB100,000	6	1,444	6	2,817	11	4,116	3	1,502
— Financial	3	855	3	1,273	6	2,553	2	1,126
— Non-financial	3	589	3	1,544	5	1,563	1	376
— Contract sum below RMB100,000	1	19	5	158	3	131	—	—
— Financial	1	19	—	—	—	—	—	—
— Non-financial	—	—	5	158	3	131	—	—
Sub-total	9	29,697	14	8,487	17	7,492	5	8,290

	FY2016		FY2017		FY2018		FP2019	
	Number of completed contracts	Total contract sum	Number of completed contracts	Total contract sum	Number of completed contracts	Total contract sum	Number of completed contracts	Total contract sum
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
Analytics solutions								
— Contract sum of RMB10,000,000 or above	—	—	—	—	1	18,542	—	—
— Financial	—	—	—	—	1	18,542	—	—
— Non-financial	—	—	—	—	—	—	—	—
— Contract sum below RMB10,000,000 but at or above RMB1,000,000	7	22,884	12	24,749	15	43,087	9	20,039
— Financial	3	9,707	6	14,206	7	18,064	7	16,586
— Non-financial	4	13,177	6	10,543	8	25,023	2	3,453
— Contract sum below RMB1,000,000 but at or above RMB100,000	2	736	19	6,284	20	7,943	11	5,459
— Financial	2	736	11	3,215	12	3,627	6	2,932
— Non-financial	—	—	8	3,069	8	4,316	5	2,527
— Contract sum below RMB100,000	1	57	—	—	—	—	1	52
— Financial	1	57	—	—	—	—	1	52
— Non-financial	—	—	—	—	—	—	—	—
Sub-total	10	23,677	31	31,033	36	69,572	21	25,551
Total	19	53,374	45	39,520	53	77,064	26	33,840

Analysis on the completed data solution contracts

For data infrastructure solutions, the total contract sum of the projects that we entered into with our customers over FY2016 to FY2018 was in a decreasing trend. Such decreasing trend was mainly due to (i) a project with the contract sum of RMB21.9 million that we completed in FY2016 for setting up a data warehouse for a bank, and (ii) a project that we completed in FY2017 for setting up a data warehouse for a telecom operator with the contract sum of RMB3.0 million, and no contract with similar or larger contract sum had been completed in FY2018. As such, despite the number of our total completed contracts increased, our total contract sum for the completed contracts continued to reduce over the FY2016 to FY2018. During the FP2019, the total contract sum of data infrastructure solutions significantly increased to RMB8.3 million, which is mainly attributable to a completed contract amounting to RMB5.2 million that we provided to Customer L, one of our five largest customers for FP2019.

For analytics solutions, the total contract sum of the projects that we entered into with our customers over the Track Record Period was generally in an increasing trend. This was mainly due to our strategic efforts to increase our market share in the financial industry, mainly including banks and financial institutions. As such, both the total contract sum and the total number of completed analytics solution contracts for financial customers increased over the Track Record Period.

The table below sets out a summary of our top ten data solution contracts completed during the Track Record Period:

FY2016

No.	Nature of solutions	Customer background and principal business	Contract sum	Commencement date	Completion date	Revenue	Gross profit margin
			RMB'000	*(Note 1)*	*(Note 2)*	*RMB'000*	*%*
1.	DI	Customer B, engaging in financial services	21,908	May 2016	August 2016	21,908	21%
2.	OBS — VoC	SAS Beijing, engaging in the provision of IT products and solutions	5,756	August 2016	December 2016	5,756	26%
3.	PM	A PRC food and grocery supermarket chain	3,871	November 2016	December 2016	3,871	8% *(Note 3)*
4.	PM	Customer B, engaging in financial services	6,399	September 2015	December 2016	3,271	31%
5.	DI	A PRC company of Group B, engaging in the provision of IT products and solutions	6,326	April 2015	March 2016	2,347	25%
6.	OBS — a judgement database and management system	A PRC court	2,155	September 2016	December 2016	2,155	33%
7.	PM	An A+H shares listed commercial bank that is one of the "big four" banks in the PRC	2,642	November 2015	December 2016	2,111	9% *(Note 3)*
8.	OBS — SCM	SAS Beijing, engaging in the provision of IT products and solutions	1,641	January 2016	March 2016	1,641	30%
9.	OBS *(Note 4)*	A PRC company of Group B, engaging in the provision of IT products and solutions	849	January 2016	May 2016	849	26%
10.	DI	A PRC company of Group B, engaging in the provision of IT products and solutions	670	January 2016	March 2016	670	47%

FY2017

No.	Nature of solutions	Customer background and principal business	Contract sum	Commencement date	Completion date	Revenue	Gross profit margin
			RMB'000	*(Note 1)*	*(Note 2)*	*RMB'000*	*%*
1.	PM	Customer B, engaging in financial services	3,699	January 2017	December 2017	3,699	21%
2.	PM	An A+H shares listed commercial bank that is one of the "big four" banks in the PRC	2,502	January 2017	December 2017	2,502	49%
3.	DI	The Shenzhen subsidiary of a PRC telecommunication company listed on both New York Stock Exchange and the Stock Exchange	2,983	September 2016	May 2017	2,335	31%
4.	RM	A PRC microfinance company	2,276	September 2017	December 2017	2,276	40%
5.	OBS — VoC	A PRC company engaging in the provision of IT products and solutions	1,981	October 2016	May 2017	1,585	42%
6.	DI	A PRC company of Group B, engaging in the provision of IT products and solutions	1,491	January 2017	March 2017	1,491	53%
7.	OBS — SCM	Customer K, engaging in food wholesale and retail	2,679	August 2016	June 2017	1,071	21%
8.	DI	A PRC company engaging in the provision of IT products and solutions	755	December 2016	December 2017	755	50%
9.	PM	A PRC food and grocery supermarket chain	1,469	November 2016	September 2017	734	10% *(Note 3)*
10.	DI	A PRC company, engaging in IT services provider	1,038	December 2016	June 2017	726	24%

Index PM: Precision marketing solution, RM: Risk management solution, DI: Data infrastructure solution, OBS: Other business solution, SCM: Supply chain management solution, VoC: Voice of Customer Solution.

Notes:

(1) The commencement date is based on our management's best estimates according to the commencement date specified in the contract (if any) or any date which was mutually agreed by us and the customer.

(2) The completion date is based on our management's best estimates according to the completion date specified in the contract (if any), actual project progress or any date which was mutually agreed by us and the customer.

(3) Our Group adopted a favourable pricing strategy when acquiring new customers or promoting new service offerings.

(4) The solution involved evaluation of machine learning technologies application and formulating solution development plan.

FY2018

No.	Nature of solutions	Customer background and principal business	Contract sum	Commencement date	Completion date	Revenue	Gross profit margin
			RMB'000	*(Note 1)*	*(Note 2)*	*RMB'000*	*%*
1.	OBS — VoC	Customer F, engaging in the provision of IT products and solutions	18,542	July 2018	November 2018	18,542	44%
2.	RM	SAS Beijing, engaging in the provision of IT products and solutions	7,057	March 2018	November 2018	7,057	45%
3.	PM	A PRC A+H shares listed commercial bank	4,557	April 2018	December 2018	4,557	34%
4.	PM	A PRC A+H shares listed commercial bank	4,453	January 2018	July 2018	4,453	28%
5.	OBS — VoC	Customer G, engaging in the provision of IT products and solutions	3,475	January 2018	June 2018	3,475	14% *(Note 3)*
6.	OBS — SCM	Customer G, engaging in the provision of IT products and solutions	3,453	January 2018	June 2018	3,453	14% *(Note 3)*
7.	OBS *(Note 4)*	Customer G, engaging in the provision of IT products and solutions	3,421	January 2018	June 2018	3,421	14% *(Note 3)*
8.	PM	Customer G, engaging in the provision of IT products and solutions	3,411	January 2018	June 2018	3,411	14% *(Note 3)*
9.	PM	The credit card centre of a commercial bank	3,460	June 2018	July 2018	3,290 *(Note 5)*	41%
10.	RM	Customer B, engaging in financial services	1,724	September 2018	September 2018	1,724	30%

FP2019

No.	Nature of solutions	Customer background and principal business	Contract sum	Commencement date	Completion date	Revenue	Gross profit margin
			RMB'000	*(Note 1)*	*(Note 2)*	*RMB'000*	*%*
1.	DI	Customer M, engaging in the sales of hardware and software	5,179	January 2019	May 2019	5,179	40%
2.	PM	A subsidiary of an IT company listed on the Stock Exchange, engaging in information system integration services	2,830	January 2019	March 2019	2,830	28%
3.	PM	Customer B, engaging in financial services	2,726	January 2019	May 2019	2,726	39%
4.	RM	A PRC investment management company	2,233	January 2019	May 2019	2,233	32%
5.	DI	A PRC financial service company	1,609	January 2019	May 2019	1,609	39%
6.	RM	Customer B, engaging in financial services	2,208	October 2018	April 2019	1,478	42%
7.	PM	Customer O, engaging in the provision of IT products and solutions	1,415	January 2019	May 2019	1,415	29%
8.	PM	Customer B, engaging in financial services	4,178	April 2018	April 2019	1,044	46%
9.	PM	Customer B, engaging in financial services	1,884	September 2018	March 2019	735	49%
10.	PM	A PRC company engaging in the research and development, manufacturing and sales of mobile communication terminal products	1,559	December 2018	May 2019	670	57%

Index PM: Precision marketing solution; RM: Risk management solution; DI: Data infrastructure solution; OBS: Other business solution, SCM: Supply chain management solution, VoC: Voice of Customer Solution.

Notes:

(1) The commencement date is based on our management's best estimates according to the commencement date specified in the contract (if any) or any date which was mutually agreed by us and the customer.

(2) The completion date is based on our management's best estimates according to the completion date specified in the contract (if any), actual project progress, or any date which was mutually agreed by us and the customer.

(3) Our Group adopted a favourable pricing strategy when acquiring new customers or promoting new service offerings.

(4) The solution involved setting up a data management and analytic system.

(5) The remaining contract sum will be recognised upon the expiry of warranty period.

The table below sets out a summary of our top ten data solution contracts completed subsequent to the Track Record Period up to 30 September 2019 based on unaudited management accounts:

Subsequent to the Track Record Period and up to 30 September 2019

No.	Nature of solutions	Customer background	Contract sum	Commencement date	Completion date	Revenue	Gross profit margin
			RMB'000	*(Note 1)*	*(Note 2)*	*RMB'000*	*%*
1.	RM	Customer L, engaging in the provision of IT products and solutions	4,352	March 2019	September 2019	2,889	40%
2.	OBS *(Note 4)*	A PRC company engaging in the provision of IT solutions to construction companies	2,264	May 2019	July 2019	2,264	17%
3.	PM	A PRC company engaging in financial big data and AI	1,579	May 2019	September 2019	1,390	39%
4.	RM	A PRC commercial bank based in Dongguan	688	March 2019	July 2019	607	40%
5.	PM	Customer B, engaging in financial services	934	April 2019	June 2019	580	46%
6.	PM	Customer H, engaging in financial services	969	January 2019	August 2019	500	42%
7.	PM	A PRC company engaging in the provision of IT solution and product	563	March 2019	July 2019	497	61%
8.	DI	A PRC company engaging in the provision of IT products and solutions	4,643	March 2019	June 2019	232	45%
9.	DI	A Hong Kong company engaging in the provision of IT products and solutions	232	April 2019	June 2019	232	7% *(Note 3)*
10.	PM	A PRC commercial bank	1,887	May 2018	July 2019	218	21%

Index PM: Precision marketing solution, RM: Risk management solution, DI: Data infrastructure solution, OBS: Other business solution, SCM: Supply chain management solution, VoC: Voice of Customer Solution.

Note:

(1) The commencement date is based on our management's best estimates according to the commencement date specified in the contract (if any) or any date which was mutually agreed by us and the customer.

(2) The completion date is based on our management's best estimates according to the completion date specified in the contract (if any), actual project progress or any date which was mutually agreed by us and the customer.

(3) Our Group adopted a favourable pricing strategy when acquiring new customers or promoting new service offerings.

(4) The solution involved a construction project management system with cloud computing function.

Ongoing Contracts

As at 31 May 2019, we had 36 ongoing contracts (including contracts in progress and contracts awarded but have not yet commenced), details of which are set out in the following table:

	Number of ongoing contract as at 31 May 2019(1)	Total contract sum as at 31 May 2019
		RMB'000
Data infrastructure solutions		
— Contract sum of RMB10 million or above	—	—
— *Financial*	—	—
— *Non-financial*	—	—
— Contract sum below RMB10 million but at or above RMB1 million	3	7,493
— *Financial*	*3*	*7,493*
— *Non-financial*	—	—
— Contract sum below RMB1 million but at or above RMB100,000	6	2,291
— *Financial*	*4*	*1,601*
— *Non-financial*	*2*	*690*
— Contract sum below RMB100,000	1	23
— *Financial*	*1*	*23*
— *Non-financial*	—	—
Sub-total	10	9,807
Analytics solutions		
— Contract sum of RMB10 million or above	—	—
— *Financial*	—	—
— *Non-financial*	—	—
— Contract sum below RMB10 million but at or above RMB1 million	15	38,618
— *Financial*	*12*	*28,277*
— *Non-financial*	*3*	*10,341*
— Contract sum below RMB1 million but at or above RMB100,000	11	5,466
— *Financial*	*11*	*5,466*
— *Non-financial*	—	—
— Contract sum below RMB100,000	—	—
— *Financial*	—	—
— *Non-financial*	—	—
Sub-total	26	44,084
Total	36	53,891

Note:

(1) The ongoing contracts include contracts that we have entered into with our customers which are still in progress and which awarded but have not yet commenced the contract works as at 31 May 2019.

The table below sets out a summary of our top ten ongoing data solution contracts as at 30 September 2019 based on unaudited management accounts:

As at 30 September 2019

No.	Nature of solutions	Customer background and principal business	Contract sum	Commencement date	Expected completion date	Revenue recognised up to 30 September 2019	Gross profit margin recognised up to 30 September 2019
			RMB'000	*(Note 1)*	*(Note 2)*	*RMB'000*	*%*
1.	DI	A PRC company engaging in international trades	5,909	July 2019	December 2019	4,727	28%
2.	PM	Customer B, engaging in financial services	4,193	April 2019	March 2020	2,525	45%
3.	PM	Customer B, engaging in financial services	4,198	September 2019	February 2020	2,436	47%
4.	PM	A PRC company engaging in the provision of IT solutions and products	2,311	June 2019	December 2019	2,162	38%
5.	PM	A Hong Kong company engaging in the provision of IT products and solutions	2,078	August 2019	October 2019	1,905	10% *(Note 3)*
6.	PM	A PRC A+H shares listed commercial bank	5,128	August 2019	August 2020	1,846	29%
7.	DI	A PRC company engaging the provision of IT solutions and products	2,151	June 2019	October 2019	1,749	45%
8.	PM	Customer B, engaging in financial services	1,849	March 2019	December 2019	1,338	33%
9.	PM	Customer B, engaging in financial services	2,684	May 2019	May 2020	1,175	41%
10.	PM	A PRC A+H shares listed commercial bank	4,279	September 2019	June 2020	1,070	29%

Index PM: precision marketing solution, RM: risk management solution, DI: data infrastructure solution, OBS: other business solution, SCM: Supply chain management solution, VoC: Voice of Customer Solution.

Note:

(1) The commencement date is based on our management's best estimates according to the commencement date specified in the contract (if any) or any date which was mutually agreed by us and the customer.

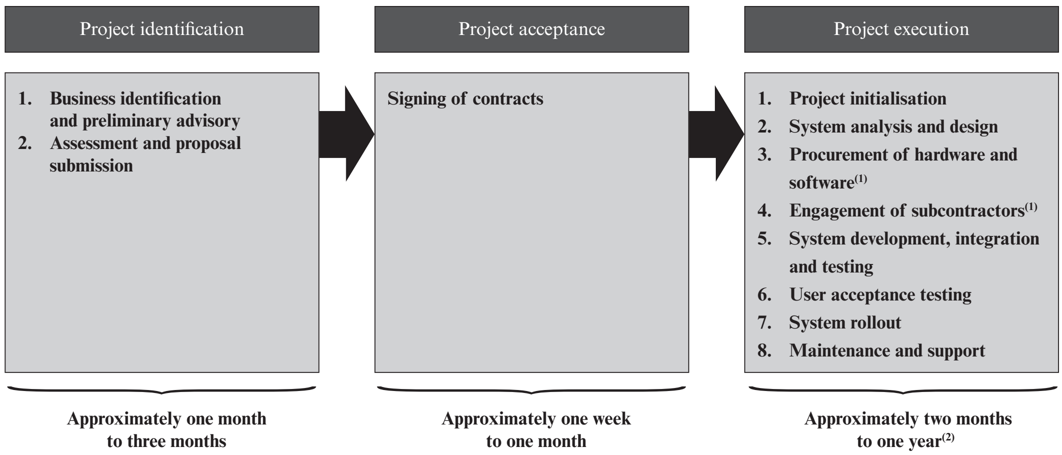
(2) The expected completion date for a particular project is provided based on our management's best estimates in accordance with the expected completion date specified in the contract (if any), the extension of time granted and the actual project progress.

(3) Our Group adopted a favourable pricing strategy when acquiring new customers or promoting new service offerings.

Our Directors are of the view that our top ten ongoing data solution contracts will maintain the profitability for the remaining period of relevant contracts.

Workflow of Data Solutions

Our data solutions are provided on project basis. The following flow chart sets forth a typical workflow in respect of provision of our data solutions to customers.



Notes:

(1) Whether or not a data solution project involves all the steps in the operational flow largely depends on our customers' requirements. Depending on the requirements of each project, procurement of hardware and software products and/or engagement of subcontractors are not always required.

(2) During the Track Record Period, the execution stages of our data solution contracts (without taking into account the warranty periods) normally ranging from 2 months to one year, which may occasionally be lengthened due to requests for change in specifications initiated by our customers.

Project Identification

1. *Business identification and preliminary advisory*. Our business opportunities are identified mainly by (i) direct engagement; and (ii) tendering (including public tender and invited tender). Our sales team, in collaboration with our technical team, market our solution offerings to potential customers.

2. *Assessment and proposal submission*. Based on the project requirements and customers' needs, we assess and analyse the specifications and requirements of projects and commence preliminary work such as assessment of the requisite hardware and/or software to be procured, workforce available and subcontracting arrangements. We then submit our quotations and project proposals to our customers for their consideration, which generally includes, among others, (i) our scope of work; (ii) specifications of hardware and/or software involved; (iii) estimated duration of the project; (iv) pricing; and (v) payment terms. We will be awarded with contracts if our customers accept our quotations and project proposals.

Project Acceptance

Signing of contracts. We work closely with our customers to design a more detailed proposal and confirm the details of implementation. Legally binding contracts are entered into between our customers and us for our data solution projects.

Project Execution

1. *Project initialisation*. Depending on the complexity of projects and expertise required, we select technical staff to form ad-hoc project teams.

2. *System analysis and design*. We investigate and analyse the operation of our customers' existing systems, infrastructure environments, functions, problems encountered and areas to be further developed and enhanced. Based on the system analysis, we design the system functions and data models. We then schedule the implementation plan and obtain technical approval or endorsement from customers.

3. *Procurement of hardware and software*. Depending on project needs, we advise on and procure the requisite hardware and software according to our customers' specifications and system requirements. Sometimes, our customers may specify certain products or certain brands of products to be procured.

4. *Engagement of subcontractors*. Depending on the project requirements and our capacity, we determine whether to engage subcontractors to participate in the provision of our data solutions. We generally outsource our services to subcontractors under one of the following three circumstances: (i) we are out of capacity; (ii) the implementation sites are located at areas remote from our business operations; and (iii) the outsourced works are of relative low technological requirements.

5. *System development, integration and testing*. Based on the basic framework of the hardware and/or software procured from third party suppliers or other open sources software and system, our project teams develop programme code for system customisation and enhancement.

   We assemble different components of the system and develop control procedures and conduct programme unit testing. Thereafter, we conduct system integration testing, during which various components of the systems are assembled together for testing. The assembled systems are installed at our customers' systems to ensure that they satisfy project requirements and customers' specifications.

6. *User acceptance testing*. Our customers then test the assembled systems to determine whether they can perform the required functions in the real-world business scenarios according to specifications. The user acceptance testing ensures that our data solutions deliver satisfactory results to our customers.

7. *System rollout*. The accepted systems are then formally installed to our customers' systems. If required, we may provide training in respect of system operation.

8. *Maintenance and Support*. We may also provide a warranty period which ranges from 6 months to one year during which we provide free maintenance and support services. We also provide an optional warranty for fee after expiry of the original warranty.

For all illustration of how our solutions aid customers in their business operations, please refer to the paragraph headed "— Data Solutions — Case Studies" in this section.

SALES OF HARDWARE AND SOFTWARE AND RELATED SERVICES AS AN INTEGRATED SERVICE

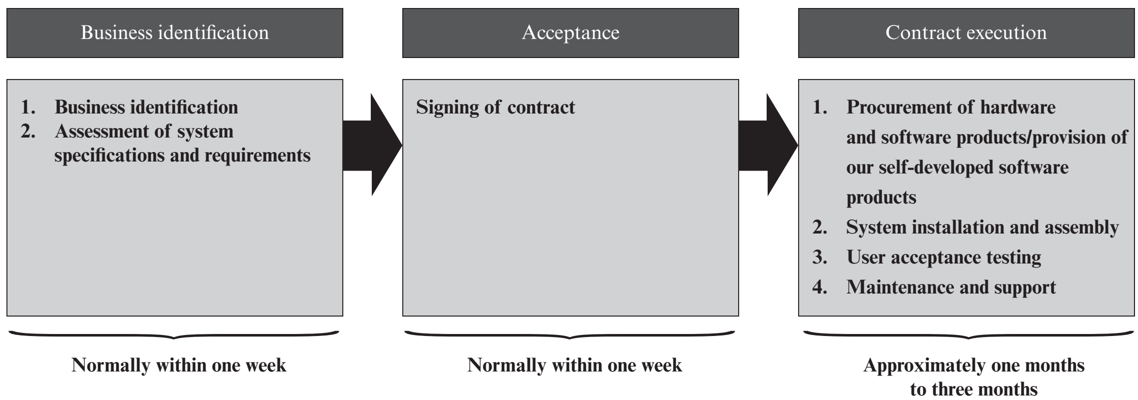
During the Track Record Period, we identify, source and sell standardised hardware and software we purchased from third parties to our customers. As an authorised distributor of SAS Beijing, we distribute and sell data analytics software products supplied by SAS Beijing to customers in the PRC. We also assist our customers to renew their licences for subscribing SAS products. In addition, we sell our self-developed software products, such as Suoxinda Intelligent Marketing Platform* (索信達智慧營銷平台), to our customers. Please refer to the paragraph headed "— Research and Development — Product Development" in this section for further disclosure on our major self-developed products. Moreover, we sell system hardware, data warehouse, servers, related accessories and general IT equipment mainly to sizeable corporations. Alongside with such sales, we also provide basic installation, maintenance and support services.

When we receive enquiries from our existing customers or new customers on suitable hardware and software for their systems, we negotiate with them on the terms and prices in respect of such sales. Some customers may even specify the types and brands of products to be procured. When selecting potential suppliers for hardware and software products, we take into account a series of factors including the suppliers' credentials, the features and quality of products, and their technical capability. To maintain control over our inventory level and to minimise obsolescence risk and storage costs, we typically place orders to our suppliers after we have obtained and confirmed orders with our customers.

We also provide installation, maintenance and support services in relation to such sales. The hardware and software we sourced normally are covered under warranties offered by original third party suppliers. The third party suppliers are liable for the product liability incurred due to the defects of hardware and/or software they supply.

Workflow of Sales of Hardware and Software and Related Services as an Integrated Service

The below chart illustrates a typical workflow of our sales of hardware and software and related services as an integrated service:



When we are approached by customers for hardware and software sales, we assess and analyse the system specifications and requirements. Upon entering into the contract, we source the required hardware and software products purchased from third party suppliers or provide our self-developed software products. We then install and assemble the relevant hardware and software products into our customer's systems and customers then test whether the hardware and software products meet the specifications and requirements. Depending on terms of the contracts, original third party suppliers of hardware and software products are generally responsible for providing maintenance and support services for the relevant hardware and software they supply.

IT MAINTENANCE AND SUPPORT SERVICES

We offer a wide range of IT maintenance and support services to our customers. In general, we help our customers construct their IT systems, optimise system performance, source hardware and software in according with our customers' specifications, keep their IT systems run smoothly, and identify and resolve errors and defects. In responding to the technical issues faced by our customers, we may deploy our technical staff to provide on-site support if necessary. Our customers for IT maintenance and support services mainly include financial institutions and enterprises in various industry sectors. Occasionally, we were engaged by software and hardware vendors to provide installation, maintenance and support services to the end users of their products.

Our scope of work under IT maintenance and support services can be broadly categorised into the following:

- *System installation*. Sometimes, we are engaged by our customers or IT software and hardware vendors to provide installation services for software or hardware products, such as computer systems, office printers, email system, firewall and other office utilities.

- *Service support*. We provide dedicated phone numbers and/or email addresses for service support for our customers. Through our service helpdesks, we provide support to our customers such as answering usage-related problems, solving application problems and coordinating problem reporting. We normally specify our service hours in the contracts with customers.

- *Maintenance*. In the event that a defect in the hardware, software or system is identified, we perform maintenance service to remedy such defect. In case of hardware maintenance, we carry out inspection on site, and if the defects can only be remedied by the original hardware manufacturer, we send the hardware to the original manufacturer to repair. In case of software maintenance, we may first simulate the scenario, identify the cause and assess its impact. We then recommend solutions to customers and upon customers' confirmations, implement such solutions.

- *System upgrade*. New or upgraded version of software may be released during the term of our IT maintenance and support service. These new or upgraded version of software may contain bug fixes, new features and minor enhancements. We help our customers install and integrate such new or upgraded software in their IT systems. We may provide user training in respect of system enhancements and changes.

Workflow of IT Maintenance and Support Services

The below chart illustrates a typical workflow of our IT maintenance and support services:

When we receive IT maintenance and support service requests from our customers, we first ascertain our customers' requirements, conduct due diligence baseline study which identifies the requirements of manpower, hardware and software as well as budgets. If services are required from subcontractors, we obtain quotations from candidates of subcontractors. Based on the resource plans, we estimate our costs for maintenance and support services and finalise terms of contracts with our customers. Once we have entered into contracts with our customers, we proceed to carry out setting up and transitional works, we then assign helpdesk staff and onsite support engineers to the projects and assign project managers as contact points for our customers.

OUR TECHNOLOGIES

We believe that our capabilities in big data and AI technologies are imperative to our success in developing and delivering innovative solutions. Our core technologies can be broadly categorised into (i) big data technologies; and (ii) AI technologies.

Big Data Technologies

Big data is the data in high-volume with a wide range of varieties, which is processed in a cost-effective and very quick way in order to enhance business process automation and decision making. It is difficult to process big data which comprises structured and unstructured data using traditional database and software techniques due to its huge volume and high speed. With big data technology, customers are able to systematically extract and consistently format a huge volume of datasets for future processing. Our solutions combine hardware and software to create an optimal data environment, which is customised to our customers' individual circumstances. SQL is the main programming language that we use. It manages data in a relational database management or a major database management system. Based on the hardware structure constructed within our customers' systems, we use SQL to construct data mart and data warehouse.

There are three major technologies that we use in our data infrastructures solutions, namely: (i) distributed computing; (ii) dynamic load balancing; and (iii) stream computing.

Distributed Computing

Distributed computing is a technique under which components of a software system are shared among multiple computers to improve efficiency and performance. In this technique, data is divided into multiple parts, each of which is processed by a different computing resource within the same network. Data is processed at the most efficient place of the organisational computer network. The results are then combined for further analysis. In our data infrastructure solutions, we employ distributed computing technique to construct data marts and data warehouses.

Dynamic Load Balancing

It is a technique that improves the distribution of workloads across multiple computing resources. By estimating the timely workload information of each resource, it divides data traffic among available computing resources to improve the throughput of software environments. It allocates and reallocates resources in a dynamic fashion to keep the computational load balance. We utilise dynamic load balancing technologies to enhance the distribution efficiency in the construction of data marts and data warehouses.

Stream Computing

Stream computing is a technique that enable a cluster of computing resources to analyse multiple data streams from various sources in real time. It pulls in streams of data for processing, and streams it back out as a single flow. It increases the speed and accuracy of data processing and analysis by optimising system structure and data transmission. We use stream computing software in our data infrastructure solutions to unleash the computing power of our customers' systems.

AI Technologies

AI is the application of advanced analysis and logic-based techniques to perform cognitive functions that associate with human minds, such as learning, reasoning, interacting with the environment and problem solving. AI mainly comprises four core technologies, namely computer vision, knowledge graph, machine learning and natural language processing. AI can be applied to intelligent search, robotics, language and image understanding, genetic programming, and other application areas. It came to prominence due to the need for intelligent approach to cope with big data. Our AI capabilities are based on big data analysis. The data collected within data infrastructures in our customers' systems form the foundation for the application of AI technologies. In our analytics solutions, we utilise third party resources, such as SAS-based analytics software suite that contains a wealth of AI analytics resources. We leverage our AI capabilities in customising and integrating SAS products into the previously constructed hardware environment according to our customers' requirements and specifications. We also utilise open source analytics software that are written based on several popular programming languages, such as Python and Java. Open source analytics software have been increasingly used for complex business circumstances. We use and intend to increase our use of such open source analytics software in our analytics solutions, which allows a higher degree of customisation and a high level of profit margin.

We have three core AI technologies, namely (i) machine learning; (ii) natural language processing; and (iii) knowledge graph.

Machine Learning

Machine learning is a method of data analysis that automates analytical model building. It is a branch of AI based on the concept that systems can learn from data, identify patterns and make decisions with minimal human intervention. It can be broadly categorised into: (i) supervised learning; (ii) unsupervised learning; and (iii) semi-supervised learning. As with most practical applications, we utilise supervised learning in our analytics solutions to conduct analysis.

For supervised learning, the results are known. We use a large amount of data and algorithms to train models until they achieve an acceptable level of performance. In general, it is used in the context of classification where we map input into output labels, or regression where we map input to continuous output. We use AI algorithms including association rule learning, naive bayes, artificial neural networks and decision trees. Our precision marketing solutions, for example, utilise machine learning techniques to help customers decide the most appropriate mix of sales channel.

Natural Language Processing

It focuses on enabling computers to analyse, understand and derive meanings from human languages, by resembling the way in which human comprehend texts, phrases, sentences and generative grammar. The advancement in machine learning technologies has fueled the development of natural language processing, allowing more accurate prediction and analysis. By utilising natural language processing, we can organise and structure knowledge to perform tasks such as automatic summarisation, relationship extraction, sentiment analysis, speech recognition, and topic segmentation.

We employ natural language processing algorithms in our analytics solutions to provide contextual analysis. We use these AI algorithms to extract structure from unstructured data, so that it can be processed and analysed effectively. Our natural language processing algorithms are designed to understand and analyse the human language and its usage in various contexts. They enable the extraction of useful information from vast amounts of text converted from audio and video streams and other digital content. For instance, our Voice of the Customer Solutions utilise natural language processing algorithms to convert unstructured customer data into useful insights for business decision-making.

Knowledge Graph

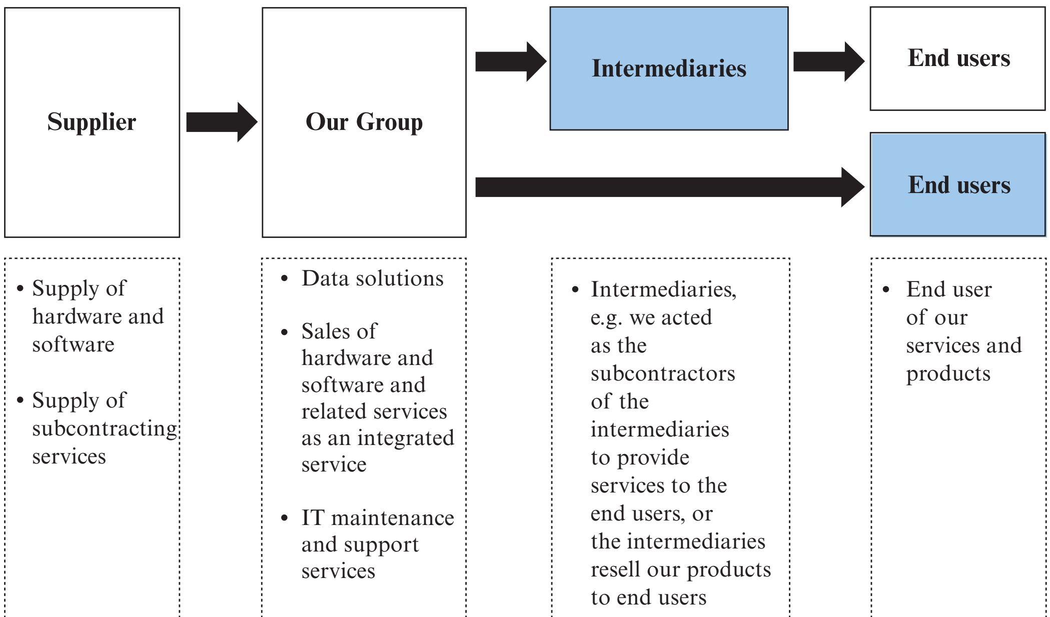
A knowledge graph describes real world entities and their interrelation, organised in a graph. It resembles a network of all kind of things that are relevant to a specific domain or to an organisation. While machine learning and natural language processing emphasises process automation, knowledge graph focuses on decision making. It fuses knowledge from different data sources into a knowledge base, and discover correlation among entities by ontology.

We utilise knowledge graph in our analytics solutions to discover the relationship of a vast amount of structured and unstructured data, and translate the insights into business actions. For instance, our risk management solutions use knowledge graph to organise and correlate personal data, traditional credit data and external third party data, to determine the truthfulness of information provided, and the possibility of fraudulent applications.

CUSTOMERS

In FY2016, FY2017, FY2018 and FP2019, we served 101, 108, 112 and 80 customers, respectively. During the Track Record Period, our customers primarily comprise banks, financial institutions as well as enterprises in various industries. We have established stable business relationships with many industry-renowned customers in the PRC, in particular, our customers include eight of the fifteen largest banks in the PRC in terms of revenue in 2018, according to the F&S Report. As at the Latest Practicable Date, our services cover 55.6% of the state-owned banks and joint stock commercial banks in the PRC.

During the Track Record Period, a majority of our contracts were directly entered with the end users of our services and products. Whilst for the remaining contracts, (i) we were engaged by intermediaries, such as other IT services providers, or software and hardware vendors, as their subcontractors to provide our services to the end users; or (ii) the intermediaries purchased our hardware and software products and resell to the end users.



Notes:

(1) The box marked with "" is the counterparty who signs sales contracts directly with our Group, which are classified as our customers.

(2) The arrow indicated contractual relationship between signing parties.

The following table sets out the breakdown of our revenue generated from services provided to end users and intermediaries during the Track Record Period:

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000* (unaudited)	*% of revenue*	*RMB'000*	*% of revenue*
End users	143,141	84.0	126,541	90.8	149,007	80.4	35,789	86.8	61,697	91.0
Intermediaries	27,263	16.0	12,845	9.2	36,542	19.6	5,465	13.2	6,093	9.0
Total	170,404	100.0	139,386	100.0	185,549	100.0	41,254	100.0	67,790	100.0

Please refer to the section headed "Financial Information — Description of Major Components of our Results of Operations — Revenue — Revenue from Intermediaries" for further disclosure on the breakdown of our revenue by end users and intermediaries.

Our revenue was mainly contributed by end users of our services in Guangdong Province and Beijing during the Track Record Period, the majority of which was generated from those in Guangdong Province. Moreover, the proportion of our revenue generated from Beijing municipal city has been increased progressively from 4.6% for FY2016 to 27.2% for FY2018.

We have achieved a relatively high customer retention rate. In FY2016, FY2017, FY2018 and FP2019, our revenue generated from our repeat customers (being customers or their affiliates who have contributed to our revenue previously) amounted to approximately RMB118.1 million, RMB115.4 million, RMB115.9 million and RMB46.9 million, representing approximately 69.3%, 82.8%, 62.5% and 69.2% of our total revenue, respectively.

Five Largest Customers

Revenue generated from our five largest customers for FY2016, FY2017, FY2018 and FP2019 accounted for 55.4%, 47.3%, 36.9% and 47.6% of our total revenue during those periods, respectively. Revenue generated from our largest customer for FY2016, FY2017, FY2018 and FP2019, accounted for 23.5%, 24.6%, 10.0% and 19.8%, of our total revenue during those periods, respectively. We have established business relationships ranged from approximately 5 months to over 10 years with our five largest customers during the Track Record Period.

To the best of our Directors' knowledge, information and belief and having made all reasonable enquiries, none of our Directors or their respective close associates or any Shareholder (who or which, owns more than 5% of the issued Shares as at the Latest Practicable Date) had any interest in any of our five largest customers during the Track Record Period.

The table below sets out the details of our five largest customers during the Track Record Period:

FY2016

Customer	Background and principal business	Approximate years of relationship with us	Approximate revenue recognised	Percentage of our total revenue	Type of services provided by us
			(RMB'000)	%	
Customer A	An A-share listed securities company incorporated in the PRC that is principally engaged in securities services	9.3	39,995	23.5	Sales of hardware and software and related services as an integrated service and IT maintenance and support services
Customer B	An A+H shares listed commercial bank incorporated in the PRC that is principally engaged in the provision of comprehensive financial services	4.0	25,179	14.8	Data solution
Customer C	A global group that is principally engaged in the provision of IT products and solutions.	11.2	11,165	6.6	IT maintenance and support services
Customer D	A state-owned commercial bank incorporated in the PRC that is principally engaged in the provision of comprehensive financial services	3.6	9,441	5.5	Sales of hardware and software and related services as an integrated service
SAS Beijing	A wholly-owned PRC subsidiary of a global group that is principally engaged in the provision of IT products and solutions	3.5	8,540	5.0	Data solutions
		Total:	94,320	55.4	

FY2017

Customer	Background and principal business	Approx. years of relationship with us	Approximate revenue recognised	Percentage of our total revenue	Type of services provided by us
			(RMB'000)	*%*	
Customer A	See Customer A above	9.3	34,254	24.6	Sales of hardware and software and related services as an integrated service and IT maintenance and support services
Customer E	A PRC-incorporated company that is principally engaged in the provision of IT solutions and services, and belongs to a well-known financial group	5.6	10,892	7.8	Sales of hardware and software and related services as an integrated service and IT maintenance and support services
Customer D	See Customer D above	3.6	7,400	5.3	Sales of hardware and software and related services as an integrated service
Customer C	See Customer C above	11.2	7,390	5.3	IT maintenance and support services
Customer B	See Customer B above	4.0	5,989	4.3	Data solutions, and sales of hardware and software and related services as an integrated service
		Total:	65,925	47.3	

FY2018

Customer	Background and principal business	Approx. years of relationship with us	Approximate revenue recognised	Percentage of our total revenue	Type of services provided by us
			(RMB'000)	*%*	
Customer F	A limited liability company incorporated in the PRC that is principally engaged in the provision of IT products and solutions	1.1	18,542	10.0	Data solutions
Customer G	A PRC-incorporated wholly-owned subsidiary of a leading telecom services provider in the PRC and it is principally engaged in the provision of IT products and solutions(1)	1.6	13,760	7.4	Data solutions
Customer A	See Customer A above	9.3	13,512	7.3	Sales of hardware and software and related services as an integrated service and IT maintenance and support services
Customer C	See Customer C above	11.2	12,104	6.5	IT maintenance and support services
Customer B	See Customer B above	4.0	10,603	5.7	Data solutions, sales of hardware and software and related services as an integrated service
		Total:	68,521	36.9	

Note:

(1) Customer G is a wholly owned subsidiary of a leading telecom service provider in the PRC. We have approximately 2.8 years of business relationship with another subsidiary of such telecom service provider.

FP2019

Customer	Background and principal business	Approx. years of relationship with us	Approximate revenue recognised	Percentage of our total revenue	Products or services provided by us
			(RMB'000)	*%*	
Customer B	See Customer B above	4.0	13,391	19.8	Data solutions, sales of hardware and software and related services as an integrated service
Customer L	A private company incorporated in the PRC that is principally engaged in the provision of IT products and solutions	0.6	5,910	8.7	Data solutions, sales of hardware and software and related services as an integrated services
Customer M	A private company incorporated in Hong Kong that is principally engaged in the sales of hardware and software	3.2	5,070	7.5	Data solutions, sales of hardware and software and related services as an integrated service
Customer N	A PRC-incorporated company that is principally engaged in the provision of IT products and solutions	0.4	4,412	6.5	Data solutions
Customer O	A NEEQ-listed company incorporated in the PRC that is principally engaged in the provision of IT products and solutions	0.7	3,484	5.1	Data solutions, sales of hardware and software and related services as an integrated service
		Total:	32,267	47.6	

Overlapping Customers and Suppliers

SAS Beijing

SAS Beijing is a PRC group company of the SAS Group. According to the F&S Report, SAS Group is a leading provider specialised in data analytic software with nearly 30.0% of market share and revenue of approximately US$950.0 million in the advanced and predictive analytic software industry. Furthermore, SAS Group has great importance in the banking industry. Ninety-nine of the top 100 global banks use SAS software to manage risk.

SAS Beijing is our important business partner in relation to the provision of our data solutions. We use the big data and AI analytic software provided by SAS Beijing for delivery of our solutions in certain projects. SAS Beijing is one of our five largest suppliers during the Track Record Period in this regard. Our purchases from SAS Beijing amounted to RMB7.8 million, RMB19.4 million, RMB8.9 million and RMB5.7 million, accounting for approximately 8.1%, 30.3%, 10.0% and 25.4% of our total purchases for FY2016, FY2017, FY2018 and FP2019, respectively. Apart from SAS Beijing, we also indirectly procured SAS Beijing's software products from several authorised distributors of SAS Beijing, including Supplier C, one of our five largest suppliers during the Track Record Period. Such arrangement was because these distributors generally offer us more favourable credit terms than those offered by SAS Beijing. Our purchasing costs of SAS products from such distributors in general were similar to the costs of purchasing directly form SAS Beijing. We have entered into a cooperative partner agreement with SAS Beijing, pursuant to which it grants us a non-exclusive right to distribute its software products to end users and to provide related training in the PRC. Please refer to the paragraph headed "Agreements with Suppliers" in this section for further disclosure.

SAS Beijing is also one of our five largest customers during the Track Record Period. It engaged us to provide data solutions to end users of its software. The revenue derived from the provision of our services to SAS Beijing amounted to RMB8.5 million, RMB1.5 million, RMB7.1 million and nil, accounting for approximately 5.0%, 1.1%, 3.8% and nil of our total revenue for FY2016, FY2017, FY2018 and FP2019, respectively. Our total gross profit derived from the provision of our services to SAS Beijing during the Track Record Period was approximately RMB6.6 million, and the average gross profit margin with respect to our transactions with SAS Beijing during the Track Record Period was approximately 39.0%. Our Directors confirm that the average profit margin in respect of our transactions with SAS Beijing during the Track Record Period is comparable to that of our other customers in respect of our data solutions.

Supplier B

Supplier B is a company incorporated in Hong Kong and it is a group company of an information technology conglomerate listed on New York Stock Exchange (the "**Group B**"). According to the F&S Report, Group B is a global leader in analytics data solutions with revenue of US$2.16 billion in 2018. Its big data and AI analytics solutions comprise software, hardware, and related business consulting and support services for big data and AI analytics across its analytical ecosystem.

During the Track Record Period, Supplier B and a PRC company which also belongs to Group B, are our suppliers. We purchased databases, data warehouses systems from these two companies, which were used in our data solution projects for construction of data infrastructures for our customers. We also engaged such PRC company to provide enhancement, maintenance and consultancy services in relation to the data warehouse systems that we purchased from them. The purchases from these two companies amounted to RMB26.6 million, RMB2.1 million, RMB7.1 million and RMB0.2 million, accounting for approximately 27.5%, 3.2%, 7.9% and 0.9% of our total purchases for FY2016, FY2017, FY2018 and FP2019, respectively.

During the Track Record Period, such PRC company belongs to Group B is also our customer. It engaged us to provide data solutions to end users of its data warehouse systems and products. The revenue derived from the provision of our services to such PRC company amounted to RMB3.1 million, RMB1.5 million, RMB0.3 million and RMB0.3 million, accounting for 1.8%, 1.1%, 0.2% and 0.4% of our total revenue for FY2016, FY2017, FY2018 and FP2019, respectively. Our total gross profit derived from the provision of our services to such PRC company during the Track Record Period was approximately RMB1.8 million, and the average gross profit margin with respect to our transactions with such PRC company was approximately 34.8%. Our Directors confirm that the profit margin in respect of our transactions with such PRC company during the Track Record Period was comparable to that of our other customers of our data solutions.

According to the F&S Report, SAS Beijing and Group B are upstream suppliers along the industry value chain which provide software and hardware, such as database software, operating system and servers, to serve as basic platforms for the development of customised solutions. We are the midstream player along the industry value chain which designs, aggregates and constructs integrated and customised data storage, data cleaning and data processing systems on the basic platforms of SAS Beijing and Group B, and provides relevant tailored solutions as to technological functionalities, system configurations and other features to downstream customers meeting their individualised requirements in various application scenarios. Our Directors believe that our relationships with SAS Beijing and Group B are mutually beneficial. We utilise the hardware and software products supplied by SAS Beijing and Group B to develop and deliver our data solutions to end users. Further, our services enhance the functionality and adaptability of their products so that they can be applied in a wide range of data solutions and hence help increase the popularity of their products in the market.

Supplier A

Supplier A is a company incorporated in the PRC with its shares listed on the NEEQ. Supplier A is a provider of IT solutions involving cloud computing, big data and business intelligence. According to its half yearly report of 2018, 36.96% of the equity interest of Supplier A was owned by a company established in the PRC (the "**Parent A**") as at 30 June 2018. Parent A is a holding company for several high-tech businesses, including cloud competing, big data, business intelligence, cross border e-commerce and electronic payment.

Supplier A is one of our five largest suppliers during the Track Record Period. It provides servers to us during the Track Record Period. Our purchases from Supplier A amounted to RMB31.5 million, nil, nil and nil, accounting for 32.6%, nil, nil and nil of our total purchases for FY2016, FY2017, FY2018 and FP2019, respectively. We purchased such hardware products from Supplier A because it offered better credit terms to us compared with other hardware vendors.

Supplier A and Parent A were also our customers during the Track Record Period. These two companies purchased security system and firewall software from us during the Track Record Period. The revenue derived from Supplier A and Parent A amounted to RMB5.1 million, nil, nil and nil, accounting for approximately 3.0%, nil, nil and nil of our total revenue for FY2016, FY2017, FY2018 and FP2019, respectively. We sold such hardware products to Supplier A and Parent A because the holding company of Parent A has initiated upgrade of the safety configuration and firewall for its internal email system in 2015. As a qualified supplier of the holding company of Parent A, we have supplied security system and firewall software to the Supplier A and Parent A during 2015 and 2016.

Our total gross profit derived from our sales to Supplier A and Parent A in FY2016 was RMB1.0 million, and the average gross profit margin in FY2016 was 19.8%. Our Directors confirm that the profit margin in respect of our transactions with Supplier A and Parent A during the Track Record Period was comparable to that of our other customers of sales of hardware and software and related services as an integrated service.

Our Directors confirmed that all of our sales to, and purchases from, the above overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis. To the best knowledge and belief of our Directors after making all reasonable enquiries, saved as disclosed herein, none of our other major customers were also our major suppliers during the Track Record Period.

SALES AND MARKETING

Salient Terms of Our Contracts

Data Solutions

Our standard contracts for provision of our data solutions typically contains the following salient terms:

Principal terms	Summary
Payment	Our solutions are generally provided on a fixed price basis payable in several milestones in accordance with the payment schedule. We usually require our customers to pay (i) 30% to 40% of the total contract sum upon signing of the contract; (ii) 30% to 60% of the total contract sum upon delivery, installation and testing of the solutions and equipment; (iii) any remaining balance upon customers' final inspection and acceptance. Our customers generally pay us by wire transfer.
Credit terms	We generally grant a credit period to our customers ranging from 10 to 60 days after issuance of our invoices.
Service scope	A detail service scope is set out in the contract.

Principal terms	Summary
Warranty period	We generally warrant that our solutions conform to the relevant technical specifications during the warranty period, which normally ranges from 6 months to one year after the completion of such project. Our suppliers are liable for the product liability incurred from the defects of hardware and/or software they supply. During the warranty period, we provide free maintenance and support services. We also provide an optional warranty for a fee after expiry of the original warranty period.
Intellectual property	For some contracts, we retain the intellectual property rights with respect to the software and relevant technology, methodology and programme that are provided to our customers. Our customers have right to use such software and shall keep all information with respect to our technology, methodology and programme confidential. For other contracts, the intellectual property rights associate with the project, including project materials, documents, programme source code, executable programmes are owned by our customers.
Breach of contract	The defaulting party shall indemnify the other party all actual loss arising due to the contract breach. The other party is also entitled to claim liquidated damages from the defaulting party with respect to delay in completion, failure to pay contract fees and unilateral termination of the contract.

Sales of Hardware and Software and Related Services as an Integrated Service

We enter into standalone fixed price contracts with our customers for hardware and software sales. The contracts set out our scope of work which specifies the hardware, software and system to be installed. Customers are generally required to pay a deposit of 30% upon signing of the contracts and make the remaining payments after delivery of the hardware and software. We generally grant a credit period of 30 days to our customers. The hardware and software that we sourced from third party suppliers normally are covered under warranties offered by original suppliers. The third party suppliers are liable for the product liability incurred due to the defects of hardware and/or software they supply. As to our self-develop software products, we normally offer one year warranty to ensure the proper functioning of our software products.

IT Maintenance and Support Services

There are two types of contracts for our IT maintenance and support services: fixed fee contracts and framework contracts. Under a fixed fee contract, we charge our customers at a fixed service fee for the pre-determined work scope. We also enter into annual framework contract, under which we charge our customer service fees calculated on the basis set out in the contract, such as a fixed rate per person multiply by the actual manpower involved in providing the maintenance and support services. For our IT maintenance and support services, we normally require our customers to pay our service fees on monthly or quarterly basis. We generally grant credit periods ranging from 30 to 60 days to our customers after issuance of our invoices. Our customers generally pay us by wire transfer.

Our IT maintenance and support service usually contain the following provisions: (i) scope of our services; (ii) service hours; (iii) our response time in connection with our customers' maintenance and support service requests; (iv) service fees and payment terms; and (v) duration of the contracts.

Tendering

We enter into new contracts mainly after the process of (i) tendering (including open tender and invited tender); and (ii) direct engagement. We generally identify public tender invitations from websites of our customers and government websites. We also receive tender invitations or direct request for quotation and/or proposal from potential customers. We monitor new requests for tenders and tailor our tendering proposals accordingly. Sometimes, our sales and marketing staff may carry out pitching and business discussions with potential customers for new engagements. After we are awarded the projects as a result of our submission of winning bids, we enter into project contracts with our customers. The following table sets out a breakdown of our revenue attributable to contracts obtained through (i) tendering; and (ii) direct engagement, during the Track Record Period:

	FY2016		FY2017		FY2018		FP2019	
	RMB in million	*%*	*RMB in million*	*%*	*RMB in million*	*%*	*RMB in million*	*%*
Tendering	43.5	25.5	49.6	35.6	40.0	21.6	20.1	29.6
Direct engagement	126.9	74.5	89.8	64.4	145.5	78.4	47.7	70.4
Total	170.4	100.0	139.4	100.0	185.5	100.0	67.8	100.0

The following table sets out our tender success rate during the Track Record Period:

	FY2016	FY2017	FY2018	FP2019
Number of tenders submitted	10	16	26	14
Number of contracts awarded[(1)]	8	13	23	12
Tender success rate[(2)]	80.0%	81.3%	88.5%	85.7

Notes:

(1) Number of contracts awarded during a relevant financial year refers to the contracts awarded with respect to the tenders submitted during a financial year, which may be awarded during or subsequent to that financial year.

(2) Tender success rate is calculated as the number of contracts awarded in respect of the tenders submitted during a relevant financial year as defined in note (1) above, divided by the number of tenders submitted during that financial year.

Our Directors consider that our tender success rates during the Track Record Period remained stable and satisfactory in general. Given our proven track record and extensive project experience in the provision of data solutions, our Directors expect that such rates will be further improved in the future.

Pricing

Data Solutions

As most of our data solution contracts are project based and involve different types of specifications and various levels of complexity, the contract prices are determined between our customers and us on a case-by-case basis. Before we submit the tender or issue the price quotation to our customers, we generally carry out a budgeting process to estimate the cost to be incurred for the potential project. In general, the contract price for our data solutions is determined on a cost-plus basis with reference to a series of factors including: (i) the scopes of our services; (ii) the scale, complexity and particular technical requirements of project; (iii) the estimated project cost including procurement, subcontracting and labour costs; (iv) the expected profit margins; (v) the estimated duration of project; (vi) the prevailing market conditions; and (vii) special terms and requirements from customers.

During the Track Record period, we did not experience any material dispute with our customers on the amounts of contract sum payable to us. During the Track Record Period, the contracts between our Group and customers do not contain provisions for price adjustment unless there are material changes related to our work scope. During the Track Record Period, we had not experienced any loss in relation to our data solutions that had a material adverse effect on our financial conditions and results of operations.

Sales of Hardware and Software and Related Services as an Integrated Service

In general, the hardware and software products we sell is priced on a cost-plus basis. We determine the price taking into account factors including costs of sourcing, hardware and manpower required for installation and related services, the expected profit margins, and the prevailing market conditions.

IT Maintenance and Support Services

All of our IT maintenance and support service fees, or the basis for calculating our service fees, are agreed between our customers and us upon signing of the contracts before the commencement of our IT maintenance and support services, and shall remain unchanged during the contract terms unless mutually agreed by customers and us.

In general, the IT maintenance and support service fees are determined on a cost-plus basis. We take into account various factors when pricing our IT maintenance and support services, including the scopes of work, the procurement costs of the required software and hardware, the required service levels, the required experience and qualification of our technical staff, the estimated time to be spent for provision of relevant services, the complexity of our customers' IT systems and the prevailing market rates.

Seasonality

Please refer to the section headed "Financial Information — Major Factors Affecting Our Results of Operations — Seasonality" for further disclosure on seasonality of our business.

Marketing

We believe that our brand awareness and market recognition are critical to our success. As at the Latest Practicable Date, our sales and marketing department, which is headed by Mr. Song, had 16 members. Our sales and marketing department has been actively identifying prospective customers, managing relationships with our existing customers as well as promoting our brand awareness in the industry. We incentivise our sales and marketing personnel by setting specific sales targets and granting them rewards if such targets are met. We conduct marketing activities through a variety of channels, including host and participate in various exhibitions, conferences, industry forums and seminars to interact with industry participants and potential customers. We also organise big data and AI analytics competitions and programming competitions among college students to promote our brand images. Please refer to the paragraph headed "— Our Business Strategies — Enhancing Market Penetration and Expanding into New Market Sectors" in this section for further disclosure.

SUPPLIERS

During the Track Record Period, our suppliers consisted of mainly hardware and software vendors and their resellers and distributors in the PRC and Hong Kong. Our suppliers also include subcontractors of IT services which assist us in our provision of data solutions as well as IT maintenance and support services. We select our suppliers mainly according to their technical capabilities, timeliness of supply, as well as price and quality of their products and services. We have maintained a list of approved suppliers in accordance with grades of their performance which we regularly evaluate.

We adopt the cost plus pricing policy, which allows us to pass any increase in purchase costs to customers. During the Track Record Period, we have not experienced any shortages or delay in supply that has significantly affected our business.

We enter into contracts with our suppliers, either in the form of a purchase order or a contract covering the statement of work, time schedule, service terms, roles and responsibilities of suppliers, pricing and payment terms, acceptance criteria, warranty and termination. Most of our supply contracts contain warranty provisions, requiring the suppliers to repair free of charge for a period of one to 5 years upon delivery of their products that fail to meet the specifications. We have been granted credit periods between 30 to 90 days by the majority of our hardware and software suppliers. For our subcontractors, the credit periods granted to us normally ranging from 10 to 30 days. We generally make our payment by wire transfer.

Please refer to the section headed "Financial Information — Major Factors Affecting Our Results of Operations — Ability to manage costs and expenses, especially our material costs and labour associated costs in relation to our cost of sales" in this prospectus for an analysis of our sensitivity to material costs.

Five Largest Suppliers

For FY2016, FY2017, FY2018 and FP2019, purchases from our five largest suppliers accounted for 82.4%, 85.6%, 40.9% and 64.9% of the total purchases, and the purchases from the largest supplier accounted for approximately 32.6%, 45.2%, 10.6% and 25.4% of our total purchases for the same periods, respectively. In order to reduce the concentration of key suppliers, we have expanded our supplier base and made purchases from a more diverse range of suppliers. Instead of purchasing from one or a few suppliers in respect of certain key products, we purchase such products from a wide range of suppliers to reduce the concentration. As a result, the proportion of purchases from our five largest suppliers was reduced in FY2018. We will continue to select suitable suppliers to expand our supplier base going forward.

The table below sets out the details of our five largest suppliers during the Track Record Period:

FY2016

Supplier	Background and principal business	Approx. years of relationship with us	Approximate total purchase	Percentage of our total purchase	Products or services provided to us
			(RMB'000)	*%*	
Supplier A	A NEEQ listed company incorporated in PRC that is principally engaged in providing cloud services and data analytics services	2.8	31,492	32.6	Hardware/Software
Supplier B	A private company incorporated in Hong Kong that is principally engaged in providing enterprise data warehousing solutions	5.3	26,561	27.5	Hardware/Software and subcontracting services
Supplier C	A private company incorporated in the PRC that is principally engaged in the provision of IT solutions and distribution of IT products	3.7	9,284	9.6	Hardware/Software and subcontracting services
SAS Beijing	A wholly-owned PRC subsidiary of a global group that is principally engaged in the provision of IT products and solutions	4.8	7,842	8.1	Hardware/Software and subcontracting services
Supplier D	A private company incorporated in Hong Kong that is principally engaged in the provision of enterprise data warehousing solutions	3.5	4,564	4.7	Subcontracting services
		Total:	79,743	82.4	

FY2017

Supplier	Background and principal business	Approx. years of relationship with us	Approximate total purchase	Percentage of our total purchase	Products or services provided to us
			(RMB'000)	*%*	
Supplier E	An A-share listed company incorporated in PRC that is principally engaged in provision of software development and maintenance services	2.0	29,037	45.2	Hardware/Software
SAS Beijing	See SAS Beijing above	4.8	19,443	30.3	Hardware/Software and subcontracting services
Supplier F	A private company incorporated in PRC that is principally engaged in distribution of IT products, provision of IT solutions and technical consultation	8.3	2,695	4.2	Hardware/Software
Supplier B	See Supplier B above	5.3	2,075	3.2	Subcontracting services
Supplier G	A private company incorporated in PRC that is principally engaged in distribution of computer software and hardware	4.2	1,717	2.7	Hardware/Software
		Total:	54,967	85.6	

FY2018

Supplier	Background and principal business	Approx. years of relationship with us	Approximate total purchase	Percentage of our total purchase	Products or services provided to us
			(RMB'000)	*%*	
Supplier C	See Supplier C above	3.7	9,470	10.6	Hardware/Software and subcontracting services
SAS Beijing	See SAS Beijing above	4.8	8,878	10.0	Hardware/Software and subcontracting services
Supplier E	See Supplier E above	2.0	7,537	8.5	Hardware/Software
Supplier B	See Supplier B above	5.3	7,060	7.9	Hardware/Software and subcontracting services
Supplier H	A private company incorporated in Hong Kong that is principally engaged in trading of software in Hong Kong	1.2	3,495	3.9	Hardware/Software
		Total	36,440	40.9	

FP2019

Supplier	Background and principal business	Approx. years of relationship with us	Approximate total purchase	Percentage of our total purchase	Products or services provided to us
			(RMB'000)	*%*	
SAS Beijing	See SAS Beijing above	4.8	5,718	25.4	Hardware/Software and subcontracting services
Supplier I	A private company incorporated in the PRC that is principally engaged in the provision of IT solutions	1.1	3,020	13.4	Subcontracting services
Supplier J	A private company incorporated in the PRC that is principally engaged in the provision of IT solutions	0.9	2,360	10.5	Subcontracting services
Supplier K	A PRC-incorporated company that is principally engaged in the provisions of corporate consulting services, and a group company of one of the big four international accounting firms	0.7	2,233	9.9	Subcontracting services
Supplier C	See Supplier C above	3.7	1,274	5.7	Hardware/Software and subcontracting services
		Total	14,605	64.9	

To the best of our Directors' knowledge, information and belief and having made all reasonable enquiries, none of our Directors or their close respective associates or any Shareholder (who or which owns more than 5% of our issued Shares as at the Latest Practicable Date) had any interest in any of our five largest suppliers for FY2016, FY2017, FY2018 and FP2019. Certain our suppliers were also our customers during the Track Record Period. Please refer to the paragraph headed "— Customers — Overlapping Customers and Suppliers" of this section for further disclosure.

Agreements with Suppliers

We entered into a cooperative partnership agreement (the "**Partnership Agreement**") with SAS Beijing in September 2016, pursuant to which we were appointed as silver business partner of SAS Beijing and have a non-exclusive right to distribute its software products to end users and provide related training in the PRC for a term from effective date to 30 June 2017. The Partnership Agreement also provides the general obligations and responsibilities of parties, including but not limited to compliance with SAS Beijing's business conduct requirements, confidentiality and liabilities. The Partnership Agreement which can be terminated by either SAS Beijing or our Group by 60 days written notice to the other party. The Partnership Agreement was renewed in July 2017 and April 2018, respectively. The last renewal agreement was for a term of one year from 1 July 2018 to 30 June 2019. We were promoted to the gold business partner of SAS Beijing in 2017 because we meet certain benchmarks set by them, including, among others, (i) our revenue each year; (ii) employment of staff with required credentials; and (iii) completion of certain training by relevant staff. Through the business partnership programmes, we were also provided with resources and support, such as marketing funds and technical support, in promoting products of SAS Beijing, implementing the IT solutions and training our employees. If we fail to meet their benchmarks, our ranking may be lowered, resulting in the reduction of resources, support and other benefits provided by SAS Beijing. Our Directors believe a lowering of our ranking will not have any material adverse impacts on our business and our financial conditions. Our Directors confirm that we had not failed in meeting any benchmarks which resulted in the lowering of our ranking during the Track Record Period. As at the Latest Practicable Date, we are in the course of negotiating for renewal of such agreement.

There is no minimum purchase requirement under the agreements with our suppliers during the Track Record Period. Other than the agreements with SAS Beijing as disclosed above, we have not entered into any other long-term agreements with our suppliers as at the Latest Practicable Date.

Subcontracting

During the Track Record Period, we engaged 17, 20, 24 and 23 subcontractors respectively to assist us in our provision of (i) data solutions; and (ii) IT maintenance and support services. We generally outsource our services under one of the following three circumstances: (i) we are out of capacity; (ii) the implementation sites are located at areas remote from our business operations; and (iii) the outsourced works are of relatively low technological requirements. We believe such subcontracting arrangements allow us to reduce the labour cost and increase our flexibility and capacity in carrying out the projects.

We maintain good relationships with our subcontractors through frequent and open communication on project-related matters, particularly coordination on the progress of subcontractors' works and project requirements. There is no material delay in delivery of services by the subcontractors during the Track Record Period. The amount of subcontracting service fee paid for FY2016, FY2017, FY2018 and FP2019 was RMB19.1 million, RMB7.8 million, RMB37.0 million and RMB16.6 million, accounting for 14.5%, 8.4%, 30.2% and 42.3% of our total cost of sales for the same periods, respectively.

We typically select our subcontractors from our approved list of subcontractors, whereby they are initially assessed based on, among others, (i) the operation and qualification of the subcontractors; (ii) prices; (iii) contract performance; (iv) delivery ability; (v) quality of service; and (vi) payment terms. We currently have more than 60 subcontractors on our approved subcontractors list. All of the subcontractors that we are engaged during the Track Record Period were Independent Third Parties.

The terms of subcontracting agreements are determined on a case-by-case basis with reference to the specific requirements of each project. Our procurement staff obtains quotations from subcontractors when such service is required. The general terms of our contracts with the subcontractors typically include:

Principal terms	Summary
Scope of works	A detail scope of works, which varies depending on project requirements, is set out in the contracts
Payment methods	By wire transfer
Credit period	Ranging from 10 to 30 days
Qualifications and certification of the subcontractor	Depending on the requirements in tender documents or according to the relevant contracts signed with customers, including the number of staff and their qualifications
Duration	The duration of subcontracting varies depending on the nature of subcontract works and the project requirements
Termination	The contract usually terminates upon completion of the relevant project

We follow the supplier management process of ISO20000 to manage the quality of our suppliers and subcontractors. We monitor the performance of our suppliers and subcontractors at planned intervals. The performance is measured against the service targets and other contractual obligations. The performance results are documented and reviewed to identify any non-conformities or room for improvement so as to ensure the services provided satisfy our requirements.

INVENTORY CONTROL

During the Track Record Period, our inventory comprises primarily graphics cards. For other software and hardware products, we typically place orders with our suppliers after we have obtained and confirmed orders from our customers. This allows us to maintain effective and efficient inventory control and minimises obsolescence risk and storage costs. As at 31 December 2016, 2017 and 2018, and 31 May 2019, the total amount of inventories was RMB1.0 million, RMB1.2 million, RMB0.3 million and RMB0.4 million, respectively.

QUALITY CONTROL

We have implemented a quality management system which includes the quality standard and quality control procedures to ensure the quality of our services and products meets the relevant requirements. Our quality control team follows the ISO9001 standards to implement a quality assurance system designed to ensure consistently the quality of our services and products.

Our quality control team for each data solution projects consists of project director, project managing officer, quality test manager and quality test staff. Our quality control team conducts quality control procedures at various stages to ensure that the delivered services or products are meet the quality standard. At the initial stage of the project, the project director will first draw up project quality standards and organise review of project set-up documents. Once the project is commenced, the project managing officer closely monitors the progress in accordance with project schedule and communicate with implementation team regularly on the project progress. Our implementation team also conducts regular project meetings with our customers to assess and review the project progress as well as to identify and resolve any issues which may arise when we deliver our services to customers.

Based on the quality requirement and specifications of the project, we carry out stage review and regular inspection on the development systems. System tests are carried out in order to track and check if there is any deviation of the actual results from the specifications and requirements.

During the Track Record Period, we were not subject to any significant administrative penalties as a result of violation of application product quality and technical supervision laws and regulations.

RESEARCH AND DEVELOPMENT

We have continuously invested in new research and development endeavors to increase the efficiency, efficacy, scope and variety of our data solutions. Moreover, in response to customers' evolving needs and emerging technological advancements, we endeavor to keep on introducing frequent updates and achieving rapid iteration of our data solutions. As at the Latest Practicable Date, our research and development department comprised 45 personnel, 36 of which had obtained bachelor degrees or above in data analytics, statistical science, software engineering, computer science, information system management and other relevant areas. For FY2016, FY2017, FY2018 and FP2019, we incurred research and development expenses of RMB7.1 million, RMB7.6 million, RMB10.8 million and RMB6.5 million, respectively. Our research and development efforts can be broadly categorised into (i) product development; (ii) financial AI laboratory; and (iii) collaboration with leading universities. From FY2016 to FY2018, all research and development staff were categorised under the product development team, which was responsible for developing our self-developed software products. We may (i) sell the self-developed products directly as a standardised software; and/or (ii) utilise these products or their embedded technologies as foundation for enhancing the effectiveness of our existing and new data solutions. Since the commencement of our financial AI laboratory in January 2019, we have reallocated 18 research and development staff from the product development team to our financial AI laboratory. After implementing our expansion plan, we expect to have 34 research and development staff in our product development team and 24 research and development staff in our financial AI laboratory.

Product Development

The knowhow and experience accumulated from our interactive solution development process allow us to continuously refine our analytics solutions according to customers' needs. Based on our project experience, we have developed and sold standardised software products to our customers. For instance, our Suoxinda Intelligent Marketing Platform* (索信達智慧營銷平台) is integrated with functions that help our customers realise automated marketing and closed loop marketing as well as manage the different stages of their target clients' lifecycle. During the Track Record Period, our research and development activities mainly conducted by our research and development department. We also engaged certain IT service providers to assist us in the development of our products. We adopt such outsourcing arrangement in under two circumstances: (i) as there are mature technologies in the market, we believe it is more cost effective to engage IT service providers with such technological capacities rather than conduct development by ourselves; and (ii) we engage them to perform preliminary development works with low levels of technical requirements. For FY2016, FY2017, FY2018 and FP2019, our revenue generated from the provision of our self-developed software was RMB3.6 million, RMB16.4 million, RMB13.9 million and RMB7.4 million, respectively. We have recorded a relative high level of revenue from sales of our software products in FY2017 as we sold two software products to Customer E at an aggregated contract price of approximately RMB10.3 million in 2017. We did not capitalise research and development cost during the Track Record Period. Please refer to the section headed "Financial Information — Critical Accounting Policies, Estimates And Judgements — Research and Development Expenditures" for further disclosure.

We have established a quality assurance system pursuant to international standards, our industry experience and industry best practices. We received certification for ISO 27001, an internationally accepted standard for information security management systems, and CMMI Level 3, the internationally accepted Software Capability Maturity Model for evaluation of software development capabilities. We believe such quality assurance system allow us to develop standardised software products and solution enhancements that can be rapidly rolled out among customers without compromising the quality and reliability.

The table below sets out our self-developed products which have generated revenue during the Track Record Period:

Item	Product type	Self-developed product	Descriptions	Product launch year	Approximate revenue recognised FY2016	FY2017	FY2018	FP2018	FP2019
					RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
1	Other business solution	Smart Energy Big Data Analysis Platform* (智慧能源大數據分析平台V1.0)	A one-stop platform that facilitates the management of solar power plant production capacity	2018	—	—	8,103	—	—
2	Precision marketing	Suoxinda Smart Marketing Platform V1.0* (索信達智慧營銷平台V1.0)	A software that enables closed loop marketing, with functions including client targeting, campaign planning and execution, and results evaluation	2017	—	1,026	1,081	948	4,671
3	Data infrastructure	Suoxinda Data Monitoring Platform Software V1.0* (索信達數據監控引擎平台軟件V1.0)	A data management software that monitors cyber-attacks and system malfunctioning	2015	—	855	—	—	—
4	Precision marketing	Suoxinda Customer Tag Management System V1.0* (索信達客戶標籤管理系統V1.0)	A software that automates the generation of user tags for different business scenarios	2017	—	1,410	345	—	1,429
5	Risk management	Bank Operating Risk Alert System V1.0* (銀行運營風險預警系統V1.0)	A software that works with banks' risk management systems. It automates data extraction and analytics, reports suspicious transactions, and monitors internal control	2017	—	812	1,190	—	1,192
6	Precision marketing	Suoxinda Retail Sales Forecasting Collaborative System V1.0* (索信達零售銷售預測協同系統V1.0)	A software that facilitates sales forecast and inventory management	2017	—	5,385	—	—	—
7	Other business solution	Suoxinda Pre-sale Demand Analysis System V1.0* (索信達售前需求分析系統V1.0)	A software that tracks and monitors sales process, from contract signing, execution to termination	2017	—	—	845	845	—
8	Other business solution	Suoxinda Big Data Analysis Platform V1.0* (索信達大數據分析平台V1.0)	A software that allows the use of various external models for data analytics	2017	—	—	1,595	—	—
9	Precision marketing	Suoxinda Zero Inventory Promotion System V1.0* (索信達零庫存促銷活動系統V1.0)	A software that improves the supply chain management. It utilises data to forecast the demand and manage the marketing activities	2016	—	4,872	—	—	—
10	Other	Mort Business Intelligent Software V1.0* (mort商務智能軟件V1.0)	A software that supports a variety of graphical presentation of data. User can select the data to be visualised according to their needs on a case by case basis	2016	—	1,111	55	—	—
11	Data infrastructure *(Copyright sold in FY2016)*	Suoxinda Data Integration and Analysis Platform* (索信達數據集成與分析平台軟件V1.0)	A software that allows the integration of data from multiple sources for analysis	2015	1,709	—	—	—	—

Item	Product type	Self-developed product	Descriptions	Product launch year	Approximate revenue recognised FY2016	FY2017	FY2018	FP2018	FP2019
					RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
12	Data infrastructure *(Copyright sold in FY2016)*	Suoxinda Server Data Management System V1.0* (索信達服務器數據管理系統簡稱：數據管理系統V1.0)	A software that facilitates data management with functions including indexing, sorting and layer viewing	2015	1,709	—	221	—	—
13	Data infrastructure	Suoxinda Quick Business Intelligent Platform Software V1.0* (索信達敏捷商業智能平台軟件V1.0)	A software that automatically extracts data for graphical presentation to aid decision making	2014	128	—	—	—	129
14	Other	Sendertek Desktop Cloud Management System V1.0 Sendertek* (Sendertek桌面雲管理系統V1.0)	A software that allows remote access to a cluster of servers to enable more efficient use of computing power	2010	—	556	448	—	—
15	Other	Suoxinda Enterprise Message Platform Software V1.0* (索信達企業短消息平台軟件V1.0)	A software that enables the use and management of short text message within and outside the organisation	2010	53	385	—	—	—
				Total	3,599	16,412	13,883	1,793	7,422

Financial AI Laboratory

Our financial AI laboratory commenced operations in January 2019. It explore the applications of cutting-edge technologies and enhance our data solutions. We have established multiple project groups to focus on various advanced technologies and applications.

Our financial AI laboratory determines the scope and objectives of research and development projects focusing primarily on solutions with significant market potentials. Currently, our research and development efforts are primarily focused on: (i) neural networks and deep learning; (ii) natural language processing; and (iii) image recognition and processing technology. There is a wide and growing availability of open source AI analytics framework and software, such as TensorFlow, shared by leading multinational technology companies. Based on the core technologies of these open source framework and software, our financial AI laboratory will explore their possible applications in industry-specific scenarios. By tapping onto the cutting-edge technologies of the leading market players, we seek to continuously enhance and refine our data solutions. Our financial AI laboratory is organised into various research teams according to the area of focus. These research teams are led by researchers from renowned universities.

Currently, the servers of our financial AI laboratory are located in a premise owned by a third party at Yantian District, Shenzhen. These servers are owned by us and we engage such third party to provide storage, maintenance and other ancillary services for the servers. These servers provide remote computing power for our research and development personnels to test and evaluate different AI and machine learning models in specific scenarios while our research and development personnels of our AI laboratory are located in our office premises. We intend to further expand and upgrade our research and development infrastructure and relocate the servers as well as research and development personnels for our financial AI laboratory to the Haina Property, which will also accommodate an AI technology display centre and office premises. The new financial AI laboratory is expected to commence operation around 1H2021. Please refer to paragraph headed "— Our Business Strategies — Enhancing our Research and Development Capabilities and Infrastructure" in this section for further disclosure.

Collaboration with Leading University

We have entered into collaborative framework agreements, or memoranda of understanding, with leading universities in Hong Kong and the PRC, such as the University of Hong Kong, aiming to utilise their knowledge, resources and research outcome, as well as facilitate development of cutting-edge solutions. Our joint efforts include adopting cutting-edge big data and AI technologies to commercial applications and developing talents for the industry.

We entered into two memoranda of understanding ("**MOUs**") with the University of Hong Kong in early 2019 regarding the collaboration between Suoxinda Shenzhen and the University of Hong Kong on the development of (i) FinTech indices* (金融技術公司指數); and (ii) large-scale machine learning models for Fintech. The respective salient terms of these MOUs are as follows:

	FinTech indices	Large-scale machine learning models for Fintech
Purpose	To develop two Fintech indices to investigate the growth and development of Fintech (startups) companies in the Greater Bay Area	To form a collaboration to develop highly applicable machine learning algorithms for Fintech models based on large-scale datasets
Collaboration	To develop Fintech indices to track (i) the business growth of Fintech (start-ups) companies in the Greater Bay Area, and (ii) the media attention related to the Fintech companies in the Greater Bay Area	To develop (i) a new intelligent marketing model, (ii) a new anti-fraud algorithm and (iii) a new risk and reward assessment mechanism

These MOUs are legally binding and there is no profit or loss sharing arrangements under them. Suoxinda Shenzhen will make a payment of HK$1.0 million of the net funding to each of these research funds. These intellectual property rights and research outcome shall be owned by the University of Hong Kong.

In addition, we have entered into a cooperation agreement with a department of the University of Hong Kong in 2018 which involved offering internship opportunities of participating in our projects to their students.

Our Directors are of the view that through such collaborative efforts with the University of Hong Kong, we are able to (i) enrich our research experiences and knowledges of cutting edge technologies; (ii) facilitate our exploration and development of new applications in the future with the University of Hong Kong; (iii) acquire talents in the big data and AI fields for our Group's future development; and (iv) enhance our brand images.

Other than the University of Hong Kong, we have also signed (i) a memorandum of understanding with another university in Hong Kong in relation to an internship programme in 2018, and (ii) a cooperative agreement with a renowned university in the PRC to explore the possibilities of establishing a joint financial AI laboratory in 2018. As at the Latest Practicable Date, the establishment of such laboratory is at the stage of discussion and no concrete plan has been formulated. We will continue to seek cooperative opportunities with leading universities and research institutions in the big data and AI fields. In selecting cooperative partners, we take into consideration a series of factors, including research capability, reputation in research, influence on relevant authorities, and complementarity of capabilities with each other.

DATA PROTECTION AND PRIVACY

We have implemented measures to comply with relevant laws and regulations on data protection and privacy in our business operations. Our staff are generally required to carry out product development or provide maintenance and support services at our customers' premises. During the course of our operation, our staff may have access to certain proprietary or confidential information pertaining to our customers or their businesses while they perform their duties to our customers. We generally require our customers to desensitise the data before they providing such data to us for further processing. Utilising desensitisation algorithms or technologies, the sensitive data, such as names, ID numbers, addresses or phone numbers of our customers' clients are removed, hidden or replaced with other codes. In general, the data that our staff gain access to is anonymous and desensitised. We do not collect or store any confidential information regarding our customers.

Sometimes, our staff may be required to sign a non-disclosure agreement or confidentiality undertaking as requested by our customers before the commencement of a project. Each project team has a team member who is responsible for overseeing the behaviour of each team member and communicating with our customers to keep track of any complaints in respect of staff behaviour.

Further, we have established an Information Security Management Committee (資訊安全管理委員會) to ensure the security of our trade secrets, customer information and other confidential information relating to our business. Our Information Security Management Committee currently have the following members:

Name	Position	Qualifications and experience
Mr. Song	Chairman of our Board and an executive Director	Over 14 years of experience in the information technology service industry and approximately 6 years of experience in data solution services; completed the ISO 20000: 2005 Lead Audit Course on the auditing of information technology service management systems in February 2007
Ms. Wang	Executive Director	Over 15 years of experience in human resources administration and 5 years of experience in corporate management
Mr. Hou Xiaowei (侯曉偉)	Technical manager of research and development department	Bachelor's degree in computer science and technology, and over 6 years of experience in data solution services
Mr. Tian Junjie (田軍杰)	Project manager of IT maintenance and support services	Over 8 years of experience in the information technology industry, and possess ISO9001 quality management system certificate; obtained the quality management system internal auditor training certificate* (質量管理體系內部審核員培訓合格證書*) in August 2013

The Information Security Team (資訊安全管理小組) is responsible for investigating and handling any matters in relation to information security incident, including but not limited to lost or damaged information, system failure, information leakage, hackers and virus, and any other incident that interrupts our daily business operation. They are also responsible for identifying any trend in relation to data security and developing plans to tackle any potential risk.

We categorise security incidents into four grades according to the nature and seriousness of incidents, the actual and/or potential impact on our operation and the effect on our customers. It is the responsibility of our employees to report any suspicious leakage of information to their supervisors in accordance with our internal reporting procedures. Any employee who is in breach of our information security code will be punished depending on our loss, seriousness of the breach and reasons for the breach, with our measures ranging from verbal warning to taking legal actions. Our Directors confirm that our Group has not discovered any breaches of our information security codes by our employees during the Track Record Period and up to the Latest Practicable Date. In addition, we enter into confidential agreements with our employees and provide regular employee training on data protection.

COMPETITION

According to the F&S Report, the PRC big data and AI solution market is highly fragmented, mainly because the strong government support and the rapid advancements in big data and AI technologies enable a wider range of applications in the customer downstream industries, and an increasing number of companies utilise the relevant applications. The top five data solution providers accounted for approximately 9.5% of the market share in terms of revenue contributed by big data and AI solutions in 2018 according to the F&S Report. We were ranked the fifth largest data solution provider based in Southern China in terms of revenue derived from provision of big data and AI solutions to end users of solutions who were in the financial industry. We were also ranked the ninth largest Southern China-based data solution provider in terms of revenue derived from provision of big data and AI solutions in 2018, according to F&S Report. Please refer to the section headed "Industry Overview" in this prospectus for further disclosure.

Great potential in the market of big data and AI solution for the financial industry may attract large competitors with considerable resources to enter as new comers. It is anticipated that there will be rapid changes in technology, customer requirements and industry standards, as well as frequent introduction of new data solutions. Please also refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry — If we fail to keep up with the technological advancements of the PRC big data and AI solution industry, our business, financial condition and results of operations may be materially and adversely affected" in this prospectus for further disclosure.

INSURANCE

We purchase personal accident insurance for certain personnel carrying on-site installation and maintenance work at customers' sites. We also made social insurance fund contributions for our employees in accordance with relevant PRC law and regulations. Our Directors believe that the insurance coverage is adequate to protect us from material risks to our businesses taking into account our business nature and scale.

We believe that our current insurance coverage is in line with the industry practice. We will continue to review and assess our risk portfolio, and make necessary and appropriate adjustments to our insurance coverage, in line with our business needs and industry practice. During the Track Record Period and up to the Latest Practicable Date, we had not made any material claims on insurance or received any material claims from our customers or third parties in respect of any of our solutions and products.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operation. We are dedicated to continually improve these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operation such as information technology, financial reporting, compliance and human resources.

Operational Risk Management

We have adopted internal procedures to identify the major risks associated with our corporate strategies, goals and objectives. We first identify current and emerging risks in our business operation and categorise those risks according to timeframe, likelihood, intensity and impact severity. We then assess and prioritise risks so that the most important risk can be identified and dealt with. Based on both qualitative and quantitative analysis, we prioritise risks in terms of likelihood and impact severity. Based on our assessment of (i) the probability and impact severity of risks; and (ii) the costs and benefits of mitigation plans, we choose the appropriate option to deal with the risks, including risk elimination by suspending the associated business activities, risk reduction by adopting appropriate control measures and risk acceptance by choosing to accept risks of low priority. Finally, we evaluate our risk management by determining if changes have been implemented and if the results are effective.

Financial Reporting Risk Management

We have in place a set of policies in connection with our financial reporting risk management, such as account audit policies guidelines, assets management, tax management and financing management. Moreover, we will adopt before the Listing, various internal regulations against corrupt and fraudulent activities, which includes measures against receiving bribes and kickbacks, and misuse of company assets. We also have procedures in place to implement such policies.

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property is a key component to our strong brand recognition, and is an integral part of our business. We rely on a combination of trademark and patent law, copyright protection as well as confidentiality agreements with our employees to safeguard our intellectual property rights. For further disclosure of the challenges to enforce intellectual property rights in the PRC, please refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to prevent unauthorised use of our intellectual property, which could harm our business and competitive position" in this prospectus.

As at the Latest Practicable Date, we have applied for the registration of ten patents with the PRC State Intellectual Property Office, all of which are inventions. As at the Latest Practicable Date, we had fifty-four software copyrights registered with the PRC Copyright Protection Centre. We registered a software copyright (the "**Software**") in July 2018 and later discovered that the name of the Software (the "**Software Name**") has been registered as a trademark by a third party in the

PRC in April 2011. Our Directors confirm that as at the Latest Practicable Date, no sale of the Software has been conducted so far. Our Directors consider that (i) the copyright of the Software was duly registered with the PRC Copyright Protection Centre and we are the legitimate proprietor of the copyright of the Software; (ii) the use of the Software Name was not an intentional attempt to leverage on the goodwill and reputation of the third party; and (iii) to the best of the knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, we have not received any claim from the third party against our Group in connection with such use. Moreover, we have taken proactive actions to mitigate our risks of infringement, including ceasing all uses of the Software Name from our websites, advertisements and other promotional materials. In March 2019, we further applied to change the Software Name to avoid risk of infringement. Nevertheless, such third party may still assert infringement claims against us for our use of the Software Name. Considering, among others, the mitigation actions taken by our Group as mentioned above and no claim was received from the third party due to such use, our PRC Legal Advisers advised that the risk that such third party files complaint with the relevant authority against us in connection with our use of the Software Name is remote and thus the risk that the relevant authority would regard such use as an infringement of the third party's trademark and impose penalties on us is remote. Please refer to "Risk Factors — Risks Relating to our Business and Industry — We may be subject to intellectual property infringement claims or other allegations, which could result in our payment of substantial damages, penalties and fines" for further disclosure about risks regarding intellectual property infringement claims.

Moreover, we also rely on trademarks to protect our brand names. As at the Latest Practicable Date, we had registered five trademarks in the PRC and two trademarks in Hong Kong, and we have filed eleven trademark applications in the PRC. In addition, we were the owner of two domain names as at the Latest Practicable Date.

For protection of our intellectual property rights, all of our employees are required to sign a confidentiality agreement under which the relevant employees agree that at all times during and after term of his/her employment with us, to hold in strictest confidence, and not to use, except for our benefit, or to disclose to any person, firm, corporation or other entity without our written authorisation, any of our confidential information. Confidential information under such confidential agreement includes, among other things, sale and purchase information, finance information, pricing policy, industry plans, business and technical indicators, research and development records, technical and test reports, datas, drawings, operation manuals.

During the Track Record Period and up to the Latest Practicable Date, we have not received any claims or demands in relation to any infringement by us of any intellectual property rights of third parties. As at the Latest Practicable Date, we were not aware of any material infringement by any third parties of any intellectual property rights owned by us. For further disclosure of our intellectual property rights, please refer to the section headed "Statutory and General Information — B. Further Information About the Business of Our Company — 8. Intellectual property rights" in Appendix V to this prospectus.

AWARDS AND RECOGNITIONS

We have received various awards from various entities in the PRC in recognition of, among other things, our overall strength and reputation, business scale, service quality and customer satisfaction in the PRC big data and AI solutions industry. The table below sets out our major industry and business awards and recognitions during the Track Record Period and up to the Latest Practicable Date:

Year	Honour/Award	Awarding entity
2019	• 2019 Leading FinTech Brands in the PRC* (2019中國金融科技領軍品牌)	China Finance Summit (中國財經峰會)
	• China AI Outstanding Employer Brand (中國人工智能傑出僱主品牌)	The 4th China AI Industry Investment Summit (2019第四屆全球人工智能峰會)
	• Innovative Solution — Bronze Award (創新解決方案—銅獎)	China Fintech Innovation Competition 2019 (2019中國金融科技創新大賽)
2018	• Top 10 Innovative AI Enterprises in the PRC* (中國人工智能十大創新企業)	The Chine New Economy Brands Summit Organising Committee* (中國新經濟品牌峰會組委會)
	• China's Best Financial AI Innovation Award* (中國最佳人工智能金融創新獎)	Retail Banking Magazine (《零售銀行》雜誌)
	• Financial Technology Influential Brand of China* (金融科技影響力品牌)	China Financial and Economic Summit (中國財經峰會)
	• Innovation Award (Precision Marketing Project for Activating Sleeping Client with Bank Credit Card)* (創新獎(銀行信用卡睡眠客戶促活精准營銷項目))	Financial Professional Committee, Guangdong Provincial Association For Promotion of Cooperation between Guangdong, Hongkong & Macao (廣東省粵港澳合作促進會金融專業委員會)
	• Guangdong — Hong Kong — Macau Greater Bay Area Top 100 AI Companies* (粵港澳大灣區人工智能百強企業)	Iyiou.com (億歐)

Year	Honour/Award	Awarding entity
2017	• Top 100 Internet Solution Provider of China (中國區域方案商百強)	Business Partner Consulting Agency (商業夥伴諮詢機構)
	• Best Construction Service for Digital Bank (中國最佳數字化銀行建設服務獎)	People's Bank of China Institute of Finance (中國人民銀行金融研究所); Shanghai Pudong International Finance Institute (上海浦東國際金融學會)
	• Financial Technology Annual Leading Award* (金融科技年度品牌引領獎)	China Finance and Economic Summit (中國財經峰會)
	• Shenzhen Rising Star* (深圳明日之星)	Deloitte China (德勤中國); and Shenzhen General Chamber of Commerce* (深圳市商業聯合會)
2016	• The Best Employer in the Software Industry in Shenzhen* (深圳市中小企業軟件行業最佳雇主)	SMEmall (深圳市中小企業公共服務平台); Shenzhen SME Public Service Alliance* (深圳市中小企業公共服務聯盟); and Shenzhen Elanw Network Co., Ltd. (深圳市一覽網絡股份有限公司)

EMPLOYEES

We employed 432 full-time employees, with 397 of them under Suoxinda Shenzhen (367 in Shenzhen, 21 in Guangzhou and 9 in Hangzhou) and 35 of them under Suoxinda Beijing, as at the Latest Practicable Date. The table below sets out the breakdown of our employees by function as at the Latest Practicable Date:

Function	Number of employees
Technical	
— IT maintenance and support services	182
— Data solutions	134
Research and development	45
Human resources, finance and administration	55
Sales and marketing	16*
Total	432

* Six staff are responsible for handling sale of hardware and software products as at the Latest Practicable Date.

Amongst our employees, (i) our technical staff deliver our solutions and services at relevant implementation sites, and (ii) our research and development staff mainly work under our product development team and financial AI laboratory. Please refer to the paragraph headed "— Research and Development" in this section for further disclosure on our research and development staff.

Our technical staff that are responsible for delivering data solutions can be broadly categorised into (i) data analysts who mainly have the background in mathematics, statistics and related discipline, possess the knowledge in using database querying languages and analytics softwares, and have a good understanding of data mining and extraction techniques; and (ii) engineers who mainly have the background in computer science and related discipline, in general have considerable knowledge of Java, and have extensive coding experience in high-level programming languages such as Python; and (iii) others, mainly consisting of project managers who mainly have the background in human resources, business management and computer science related discipline.

The table below sets out the movement of the headcounts of our technical staff that are responsible for delivering data solutions during the Track Record Period and up to the Latest Practicable Date:

	FY2016	FY2017	FY2018	FP2019	Subsequent to the Track Record Period and up to the Latest Practicable Date
Number of staff at the beginning of the year/ period	14	64	23	75	103
Add: Number of staff joined during the year/period	53	24	49	47	43
Add: Number of staff transferred from other departments during the year/period[(1)]	20	16	43	13	7
Less: Number of staff resigned during the year/period	(22)	(54)	(36)	(19)	(13)
Less: Number of staff transferred to other departments during the year/period[(1)]	(1)	(27)	(4)	(13)	(6)
Number of staff at the end of the year/period	64	23	75	103	134

Note:

(1) Our internal transfer mainly associated with our research and development department.

During the Track Record Period up to the Latest Practicable Date, our number of technical staff responsible for delivering data solution increased from 14 employees as at 1 January 2016 to 134 employees as at the Latest Practicable Date. The significant increase in the number of our technical staff was mainly due to the rapid expansion of our data solutions business during the relevant period.

We endeavour to hire the best available employees in the market by offering competitive wages and benefits, systematic training opportunities and internal advancement. We have implemented a series of policies and measures to acquire talents suitable for our business.

We enter into individual employment contracts with all of our full-time employees. All of our employees are paid a fixed salary and may be granted other allowances, based on their positions. In addition, discretionary bonuses may also be awarded to our employees based on their performance reviews. As at the Latest Practicable Date, we had 2 consultants.

We have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, our employees did not negotiate their terms of employment through any labour union or by way of collective bargaining agreements, nor did we experience any material labour disputes or shortages that may have a material adverse effect on our business, financial position and results of operations.

We regularly host comprehensive internal staff training programmes for our staff to improve and enhance their technical and service skills, as well as to provide them with knowledge of industry quality standards and work place safety standards. We provide orientation training to new hires, introducing them to our corporate culture, procuring them to adapt to teamwork and showing them videos to visually demonstrate our service standards and procedures. We provide online training courses and regular seminars on various aspects of our business operations, such as project management and product operation, to our employees.

REAL PROPERTIES

Owned Property

As at the Latest Practicable Date, we owned one property in Shenzhen, located at Room 7G, Tower A, Zone B, Donghaiguoji Centre Phase II, Futian District, Shenzhen, Guangdong Province, the PRC (the "**Donghai Property**"). As at the Latest Practicable Date, the Donghai Property was vacant. We intend to renovate the Donghai Property and use it as dormitory for our staff in the future. It has a gross floor area of 200.29 sq.m. and the land use right lasts for a term of 50 years from 28 February 1994 to 27 February 2044. We purchased the Donghai Property in 2015 from Mr. Wu, our chief executive officer and executive Director at a consideration of RMB15 million. The Donghai Property is subject to a mortgage in favour of China Merchants Bank Shenzhen Branch with a credit amount of RMB18 million. The Donghai Property was used as the office for our research and development team in 2016 and 2017 and was vacant in 2018.

Pursuant to Rule 5.01B(2) of the Listing Rules, if the carrying amount (as defined in Rule 5.01(1) of the Listing Rules) of a property interest (as defined in Rule 5.01(3) of the Listing Rules) of an applicant's non-property activities (as defined in Rule 5.01(2) of the Listing Rules) is or is above 15% of its total assets (as defined in Rule 5.01(4) of the Listing Rules), the prospectus shall include the full text of valuation report for such property interest. As the carrying amount of the Donghai Property exceeds 15% of our total assets as at 31 December 2016, in order to comply with Rule 5.01B(2) of the Listing Rules, a property valuation report in respect of the Donghai Property is included in Appendix III to this prospectus. According to the property valuation report, the Donghai Property was valued at RMB18.0 million as at 31 August 2019. Except for the Donghai Property, no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets as at the Latest Practicable Date.

Property to be Acquired

Pursuant to an agreement dated 23 November 2018, a supplemental agreement dated 25 February 2019 and a further supplemental agreement dated 30 June 2019 (the "**Agreements**") entered between an Independent Third Party seller (the "**Seller**") and us, we agree to acquire the Haina Property at a consideration of RMB62.0 million (the "**Consideration**"). The Haina Property has a gross floor area of 3,098 sq.m.

Pursuant to the Agreements, the Consideration shall be satisfied in the following manner: (a) an initial deposit of RMB20.0 million shall be paid to the Seller within 15 days after 23 November 2018; (b) a further deposit of RMB10.0 million shall be paid to the Seller on or before 30 March 2019; (c) the balance of the Consideration of RMB32.0 million shall be paid to the Seller on or before 31 December 2019.

Our Directors confirm that the Consideration was agreed after an arm's length negotiation between the Seller and us with reference to the prevailing market prices of properties with similar size and conditions in the vicinity. As at Latest Practicable Date, we have paid the initial deposit of RMB20.0 million and a further deposit of RMB10.0 million to the Seller. The balance of Consideration will be funded by our internal resources. The parties further agreed to extend the payment of the balance of the Consideration of RMB32.0 million as follows: RMB12.0 million shall be paid on or before 31 December 2019 and the remaining amounts shall be paid in the first half year of 2020.

Completion of the acquisition of the Haina Property is subject to and conditional upon satisfaction of the following conditions precedent: (a) we obtaining all necessary permits for construction, including pass the Energy Conservation Examination of Fixed-Asset Investment Projects* (固定資產投資項目節能審查) on or before 31 December 2019; and (b) the Seller obtaining the necessary permits from management department of Guangming High-Tech Park for transfer the Haina Property on or before 31 December 2019. If any of the above conditions is not satisfied, the Agreements shall be void in which case the deposits already paid by our Group shall be refunded to us without interest. As advised by our PRC Legal Advisers, the Agreements are legally binding and enforceable.

We intend to use the Haina Property to developing an AI technology display centre, the financial AI laboratory and office facilities. Please refer to the paragraph headed "Our Business Strategies — Enhancing our Research and Development Capabilities and Infrastructure" in this section for further disclosure of the plan of establishing the AI technology display centre and the financial AI laboratory. We also intend to use approximately 35.0% of the net proceeds from the Share Offer, or HK$45.2 million, for developing the AI technology display centre, the financial AI laboratory and office facilities of the Haina Property. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further disclosure.

Leased Properties

As at the Latest Practicable Date, we have 6 leased properties in the PRC. The following table sets out the details of our leased properties:

Branch	Address	Approximate gross floor area	Lease term	Monthly rent	Usage
		(sq.m.)		*(RMB)*	
Shenzhen	1301A, 13th Floor Microprofit Building Hi-Tech Industrial Park Nanshan District Shenzhen the PRC	738	25 March 2019– 24 March 2020	66,420	Office
Beijing	Room 603, 6th Floor Block B, 101, Floor –4–33 Building 13 Wangjing East Park Chaoyang District Beijing the PRC	178	2 April 2019– 1 April 2022	Year 1: 133,333 Year 2: 140,000 Year 3: 147,000	Office
Shanghai	Room 3178, No.12 Lane 65, Huandong No.1 Road Fengjing Town Jinshan District Shanghai the PRC	20	1 August 2013– 31 May 2023	216	Registered office
	Room 904, No. 562, Dongan Road Xuhui District Shanghai the PRC	352	15 November 2019– 14 November 2022	Year 1: 74,847 Year 2: 74,847 Year 3: 79,337	Office
Guangzhou	Room 1113 No. 28. Huaxia Road Tianhe District Guangzhou the PRC	122	16 April 2019– 20 April 2020	20,500	Office
Hangzhou	Room 364, 3rd Floor, Block 8 No. 478 Yuhangtang Road Gongshu District Hangzhou the PRC	39	6 March 2019– 5 March 2020	3,562	Registered office

Certain leases in respect of our leased properties have not been registered with the competent authority in accordance with the relevant laws. Please refer to paragraph headed "Legal proceedings and compliance — Non-compliance" in this section for further disclosure of such non-compliance. Our PRC Legal Advisers are of the view that these lease agreements are made according to the relevant PRC laws and regulations and are legally binding and effective.

OCCUPATIONAL SAFETY AND ENVIRONMENTAL MATTERS

We place emphasis on occupational health and work safety during the delivery of our services and have adopted a preventive approach with an emphasis on hazard management and risk assessment. To achieve this, we have established safety plans and in-house rules to provide our staff with a safe and healthy working environment by specifying various safety measures. We have an occupational safety management system for the purpose of risk identification and have adopted a code of practice in relation to enforcing fire safety and operation safety for staff to comply with in reporting and handling accidents.

We do not operate in a highly-polluting industry, and our production processes primarily involve system integration and software development. However, we regard environmental protection as an important corporate responsibility, and have taken measures to facilitate the environmental-friendliness of our workplace by encouraging, among other things, an energy-saving culture within our Group.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant workplace accident or encountered any material non-compliance issues with respect to any applicable laws and regulations on safety; and we have not been subject to any material fine, claim or administrative penalties arising from non-compliance with applicable environmental laws, rules and regulations during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material litigation or arbitration, and no litigation or arbitration known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our business, financial condition or results of operations.

As confirmed by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had obtained all the necessary licenses, approvals and permits from appropriate regulatory authorities for our business operations in the PRC, and except as otherwise disclosed in the paragraph headed "Non-compliance" below in this section, we had complied with the applicable PRC laws and regulations in relation to our business and operations in all material respects.

Non-compliance

Set out below is a summary of incidents of our non-compliance with applicable laws and regulations during the Track Record Period.

No.	Non-compliance incidents	Reasons for non-compliance	Legal consequences and potential maximum penalties	Remedies and preventive measures to be taken
1.	During the Track Record Period: (i) Suoxinda Shenzhen and Suoxinda Beijing, did not make full social insurance contributions for certain employees; and (ii) Suoxinda Shenzhen engaged local human resources service agencies to make social insurance contributions for some employees. As advised by our PRC Legal Advisers, the relevant PRC laws and regulations require that the employers directly contribute to the social insurance for their employees. Employers are not allowed to engage third parties to make such social insurance contributions.	Our responsible human resources staff was unfamiliar with the relevant PRC laws and regulations.	As advised by our PRC Legal Advisers, if an employer fails to make full social insurance contributions for its employees in accordance with the Social Insurance Law of the PRC (中華人民共和國社會保險法) and relevant regulations, it might be subject to a rectification order by competent authorities and a daily late fee at the rate of 0.05% of the outstanding amount from the due date might be imposed. In addition, if it fails to make such payment in full amount within the prescribed time limit, a fine in the amount of one to three times of the outstanding payment might be imposed by relevant authorities.	For 1(i), Suoxinda Shenzhen has commenced to make full social insurance contributions for the relevant employees since January 2019. The shortfall of social insurance contributions with respect to the employees of Suoxinda Shenzhen amounted to approximately RMB1,780,000, RMB2,525,000, RMB2,333,000 and nil for FY2016, FY2017, FY2018 and FP2019, respectively. Suoxinda Beijing has commenced to make full social insurance contributions for the relevant employees since June 2019. For 1(ii), since December 2018, we have terminated the agreements with local human resources service agencies and made social insurance contributions by ourselves for the relevant employees in Shenzhen. During the Track Record Period and up to the Latest Practicable Date, we have not received any orders or demands from the relevant competent authorities requesting us to pay the outstanding social insurance contributions or any penalties, nor any claim from the relevant employees in relation to such non-compliance. According to the confirmation letter issued by the Social Insurance Bureau of Shenzhen (深圳市社會保險基金管理局) on 31 January 2019, Suoxinda Shenzhen has not been penalised for violating any social insurance laws, regulations and rules during the period from 1 January 2016 to 31 December 2018. According to the interview with the Social Insurance Bureau of Shenzhen (深圳市社會保險基金管理局) on 13 February 2019, the officer, as advised by our PRC Legal Advisers that she is competent as a representative of the Social Insurance Bureau of Shenzhen (深圳市社會保險基金管理局), orally confirmed that (i) the non-compliance of Suoxinda Shenzhen in respect of its failure to make full social insurance contributions during the period from January 2016 to December 2018 does not constitute a material non-compliance, and they have not received any complaint or report involving Suoxinda Shenzhen; (ii) they will not initiate any proactive action to request those non-complaint companies to pay up their outstanding shortfall in social insurance contributions, nor impose any administrative penalty on them as a result thereof; and (iii) they have found by random investigations that a certain number of companies in Shenzhen failed to make full social insurance contributions, but they have not taken any further action to request such companies to pay up their outstanding social insurance contributions, nor impose any administrative penalty on them as a result thereof. According to the confirmation letter issued by the Chaoyang Branch of the Social Insurance Management Centre of Beijing (北京市朝陽區社會保險基金管理中心) on 3 December 2018 and 14 January 2019, respectively, Suoxinda Beijing has not been involved in any social insurance investigation and has no record for non-payment of any social insurance contributions during the period between November 2016 and December 2018. Our PRC Legal Advisers have advised that the Social Insurance Bureau of Shenzhen (深圳市社會保險基金管理局) and the Chaoyang Branch of the Social Insurance Management Center of Beijing (北京市朝陽區社會保險基金管理中心) are the competent authorities to make the aforesaid confirmations.

No.	Non-compliance incidents	Reasons for non-compliance	Legal consequences and potential maximum penalties	Remedies and preventive measures to be taken
				Further, our Controlling Shareholders have undertaken to fully indemnify us against all claims, losses, liabilities, damages, costs, charges, fees, expenses and fines incurred or suffered by us as a result of such non-compliance(s). Based on the aforesaid and the facts the competent authorities have not issued any policy of actively requesting the employers to pay off historical outstanding social insurance contributions, our PRC Legal Advisers are of the view that (i) the possibility for the competent authorities of social insurance to take action against Suoxinda Shenzhen to investigate the failure in payment of social insurance and to demand for payment of outstanding contributions or impose penalties is remote; (ii) the possibility for the competent authority of social insurance to take action against Suoxinda Beijing to investigate the failure in payment of social insurance and to demand for payment of outstanding contributions or impose penalties is low; and (iii) such non-compliance will not have a material adverse impact on our Listing. In light of the above, Suoxinda Shenzhen has not made any provision for the outstanding social insurance contributions or potential penalties relating thereto, whereas Suoxinda Beijing has made provisions in the amount of approximately RMB755,000 for the outstanding social insurance contributions as at 31 May 2019. The responsible human resources staff will consult external PRC legal counsel on the relevant labour and social insurance laws and regulations from time to time. We have adopted internal policies to ensure compliance with all regulatory requirements in the PRC in connection with social insurance contributions, including periodic review to be conducted by our management ensuring that we have made full social insurance contributions for all of our existing and future employees.

No.	Non-compliance incidents	Reasons for non-compliance	Legal consequences and potential maximum penalties	Remedies and preventive measures to be taken
2.	During the Track Record Period, Suoxinda Shenzhen engaged human resources service agencies to make housing provident fund contributions for some employees. As advised by our PRC Legal Advisers, the relevant PRC laws and regulations require that the employers directly contribute to the housing provident fund for their employees. Employers are not allowed to engage third parties to make the housing provident fund contributions.	Our responsible human resources staff was unfamiliar with the relevant PRC laws and regulations.	As advised by our PRC Legal Advisers, if an employer fails to open housing provident fund accounts for its employees in accordance with the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), the relevant regulator may order the employer to rectify it within the prescribed time limit, failing which a fine between RMB10,000 and RMB50,000 may be imposed by the relevant regulator; and if an employer fails to pay its housing provident fund contributions in accordance with the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), the relevant regulator may order the employer to pay up within the prescribed time limit, failing which the relevant regulator may apply to the People's Court for compulsory enforcement.	Since December 2018, we have made housing provident fund contributions by ourselves for the relevant employees in Shenzhen. During the Track Record Period and up to the Latest Practicable Date, we have not received any request for direct payment of housing provident fund contributions by us, nor have we been imposed any penalties or received any claims or demands as a result of such non-compliance. According to the confirmation letter issued by the Shenzhen Housing Provident Fund Management Centre (深圳市住房公積金管理中心) (which is confirmed by our PRC Legal Advisers to be the competent authority) on 25 January 2019, no penalty has been imposed on Suoxinda Shenzhen by it as a result of non-compliance with any relevant laws or regulations during the period between December 2010 and January 2019. Further, our Controlling Shareholders have undertaken to fully indemnify us against all claims, losses, liabilities, damages, costs, charges, fees, expenses and fines incurred or suffered by us as a result of such non-compliance. Based on the aforesaid, our PRC Legal Advisers are of the view that (i) the possibility for the competent authority of housing provident fund to take action against Suoxinda Shenzhen to investigate the failure in direct payment of housing provident fund and to demand for direct payment or impose penalties is remote; and (ii) such non-compliance will not have a material adverse impact on our Listing. In view of the above, our Directors believe that no provision for the relevant housing provident fund contributions or penalties is required. Our human resources department will consult external PRC legal counsel on the relevant labour and housing provident fund laws and regulations from time to time.

No.	Non-compliance incidents	Reasons for non-compliance	Legal consequences and potential maximum penalties	Remedies and preventive measures to be taken
3.	During the Track Record Period: (i) Suoxinda Beijing failed to register one apartment lease agreement and one office lease agreement in Beijing (the "**Beijing Lease Agreement(s)**") within 30 days from the signing; and (ii) Suoxinda Shenzhen failed to register the lease agreements in Hangzhou, Shanghai and Guangzhou, respectively, (the "**Other Lease Agreements**") within 30 days from the signing.	Due to non-cooperation of the lessors, we cannot complete the registration of the Beijing Lease Agreement and the Other Lease Agreements.	As advised by our PRC Legal Advisers, pursuant to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), the parties of a lease agreement are required to register the lease agreement with the local construction (real estate) administrative departments of the local people's government (人民政府建設(房地產)主管部門) within 30 days from the signing of the lease agreement. Failing to do so, the relevant authority may order the non-compliant parties to register the lease agreement within the specified time limit the failure of registration of a lease agreement within the specified time limit may result in a maximum fine of RMB10,000 for each lease agreement not registered.	For 3(i), we have sent a letter to urge the lessor to register the office lease agreement on 29 October 2018, and terminated the apartment lease agreement on 28 February 2019. For 3(ii), we have sent letters to urge the respective lessors to register each of the Other Lease Agreements on 28 December 2018; and we have terminated the previous lease agreements in Hangzhou and Guangzhou, and entered into new lease agreements in Hangzhou and Guangzhou on 6 March 2019 and 16 April 2019 respectively, which have been legally registered. However, due to the non-cooperation of the lessors, we cannot register the remaining Beijing Lease Agreement and the remaining Other Lease Agreements as at the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we have not received any request or order for registration of the Beijing Lease Agreements and the Other Lease Agreements, nor have we been imposed any penalty as a result of such non-compliances. Further, our Controlling Shareholders have undertaken to fully indemnify us all claims, losses, liabilities, damages, costs, charges, fees, expenses and fines incurred by us as a result of such non-compliances. In light of the above, our PRC Legal Advisers are of the view that (i) the failure of registration of the Beijing Lease Agreements and the Other Lease Agreements will not affect the validity of lease agreements; (ii) the possibility that the competent authorities take action against us or impose penalties on us as a result of these non-compliances is low; and (iii) these non-compliances will not have a material adverse impact on our Listing. Our administrative staff will consult our PRC Legal Advisers on the relevant leasing laws and regulations from time to time.

No.	Non-compliance incidents	Reasons for non-compliance	Legal consequences and potential maximum penalties	Remedies and preventive measures to be taken
4.	During the listing on the NEEQ, Suoxinda Shenzhen transferred to Suoxinda Beijing the fund in the sum of RMB950,000 raised through issuance and allotment of new shares (the "**NEEQ Funds**") prior to the obtaining of share register approval, which was in violation of the Guidance for Issuance of New Shares on National Equities Exchange and Quotations (全國中小企業股份轉讓系統股票發行業務指南) (the "**NEEQ Guidance**").	Our responsible accounting staff was unfamiliar with the relevant NEEQ regulations, rules and guidances.	As advised by our PRC Legal Advisers, pursuant to Rules for National Equities Exchange and Quotations (Trial) (全國中小企業股份轉讓系統業務規則(試行)》), any non-compliance with the NEEQ Guidance may result in the regulated party (including NEEQ listed companies) to be subject to self-regulatory measures (the "**Self-regulatory Measures**"), including, among other things: (i) explain, clarify and disclose the relevant issue; (ii) engage professional party to review and opine on the relevant issue; (iii) receive warning letter; (iv) rectify the relevant issue; (v) share transactions be restricted; or (vi) non-compliance be reported to the CSRC.	Suoxinda Shenzhen had rectified this non-compliance on the same day by procuring Suoxinda Beijing to transfer all the NEEQ Funds back to the designated account for fund raising upon receiving the rectification notice from the then sponsor. Suoxinda Beijing did not use any of the NEEQ Fund, and this non-compliance has not caused any loss to investors. Immediately after this incident, in order to enhance our corporate governance and prevent the recurrence of similar non-compliance incidents, we have approved by a board resolution dated 5 February 2018 the Rules Governing the Management of Funds Raised of Suoxinda Shenzhen* (深圳索信達數據技術股份有限公司募集資金管理制度), adopting certain internal control measures relating to the deposit, use, change of purpose, management and monitoring and risk control of funds raised and disclosure requirement of use of funds raised; and we have also arranged the responsible staffs to study the NEEQ Guidance. During the Track Record Period and up to the Latest Practicable Date, we have not received any notices, demands or orders from the NEEQ Co. Ltd. to take any Self-regulatory Measures. Further, our Controlling Shareholders have undertaken to fully indemnify us all claims, losses, liabilities, damages, costs, charges, fees, expenses and fines incurred by us as a result of such non-compliances. In light of the above, our PRC Legal Advisers are of the view that as we have delisted from the NEEQ on 6 November 2018, we will not be subject to any Self-Regulatory Measures or other disciplinary actions instituted by the NEEQ Co. Ltd in connection with this non-compliance and such non-compliance will not have a material adverse impact on our Listing. Having considered the facts that we have delisted from the NEEQ, our Directors believe that no preventive measure is required. Nevertheless, we have engaged the Essence Corporate Finance (Hong Kong) Limited as our compliance adviser to advise us on the compliance with Listing Rules upon our Listing.

Internal Control Review

In preparation for the Listing, we have engaged an independent third party consultant (the "**Internal Control Consultant**") in September 2018 to perform a review over selected areas of our internal controls (the "**Internal Control Review**").

The Internal Control Consultant performed the follow up review in February 2019 to review the status of the management actions taken by us to address the findings of the Internal Control Review (the "**Follow-up Review**"). The Internal Control Consultant did not have any further recommendation in the Follow-up Review.

Based on above, our Directors were of the view that enhanced internal control measures are adequate and effective.

Internal Control Measures to Ensure Future Compliance

In order to prevent the recurrence of any non-compliance incidents and improve our corporate governance practices in the future, we have adopted the following internal control measures:

(i) we have formally established an audit committee, a nomination committee and a remuneration committee, and their primary duties include, among others, providing an independent view on our financial reporting process, risk management and internal control system, recommending suitably qualified persons to the board of Directors, and ensuring the levels of compensation and remuneration are appropriate;

(ii) we have engaged Essence Corporate Finance (Hong Kong) Limited as our compliance adviser upon listing to advise us on compliance with the Listing Rules;

(iii) we have established an approval system as to the social insurance fund contribution calculations, including review by the human resources manager, and approval by our general manager regularly;

(iv) we have identified and documented key applicable laws and regulations, in particular those relating to labour, social insurance, housing provident fund and leasing after consultation with our PRC Legal Advisers;

(v) we have recruited in-house legal staff to oversee and monitor our compliance in respect of applicable laws and regulations; and

(vi) we have retained an external PRC legal counsel to review and advise on our regulatory compliance in respect of all relevant PRC laws and regulations, including changes thereto, which may be relevant to and have impacts on our operations in the PRC.

View of our Directors and the Sole Sponsor

Having consider that (i) we have rectified most of the above mentioned non-compliance incidents, where practicable and appropriate; (ii) we had adopted the enhanced internal control measures to ensure on-going compliance, and (iii) none of our Directors has been directly involved in any of the above non-compliance incidents, our Directors are of the view, and the Sole Sponsor concurs, that the non-compliances would not negatively affect the competence of our Directors under Rules 3.08 and 3.09 and hence the suitability of our Company for Listing.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Offer, our ultimate Controlling Shareholder, Mr. Song will be entitled to exercise voting rights of approximately 49.02% of the total issued share capital of our Company through his holding vehicle Mindas Touch. Accordingly, each of Mr. Song and Mindas Touch will be regarded as our Controlling Shareholder upon Listing.

Apart from the interest of Mr. Song in our Group, he also holds the interests in the following businesses as at the Latest Practicable Date:

Business name	Business scope	Interests held	Status
Shenzhen Yixuanyou Investment Partnership (Limited Partnership)* (深圳市壹選優投資合夥企業(有限合夥))[(1)]	Business management consulting, economic information consulting, investment consulting, investment management	50%	Business is not in operation and is not in competition with our Group
Shenzhen Yuanshu Investment Partnership (Limited Partnership)* (深圳市元術投資合夥企業(有限合夥))[(2)]	Business management consulting, economic information consulting, investment consulting, investment management	50%	Business is not in operation and is not in competition with our Group

Notes:

(1) Mr. Song is its general partner; and Ms. Wang, an executive Director, holds the remaining 50% interest in it and is its limited partner.

(2) Mr. Song is its general partner; and Ms. Wang, an executive Director, holds the remaining 50% interest in it and is its limited partner.

In view of the above, our Directors are of the view that the nature of the business activities carried on by our Group and those carried out by Mr. Song are clearly distinct and that such business activities are unlikely to compete, either directly or indirectly with our business.

Each of our Controlling Shareholders has confirmed that save as disclosed above, none of them has any interest in any business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Furthermore, our Directors have confirmed that save as disclosed above, none of them has any interest in business, apart from our business, which competes or is likely to compete, either directly or indirectly with our business.

Save as disclosed above, there is no other person who, immediately following completion of the Share Offer, will be directly or indirectly interested in 30% or more of the Shares then in issue.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

Having considered the following factors, our Directors believe that our Group is capable of carrying on our Group's business independently from our Controlling Shareholders and their close associates (other than members of our Group) after the completion of the Share Offer.

Management independence

The Board consists of seven Directors, of whom four are executive Directors and the remaining three are independent non-executive Directors. Each of our Directors is aware of his/her fiduciary duties as a director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) will not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest and will not be counted in the quorum. In addition, the three independent non-executive Directors will also contribute independent judgment to the decision-making process of the Board.

On the basis of the above factors and the corporate governance measures for resolving conflicts as set out in the paragraph headed "Corporate Governance Measures" below, our Directors consider that our Board is capable of performing and managing our business independently from our Controlling Shareholders and his or its close associates.

Operational independence

Our Directors consider that our operations are independent from and do not depend on our Controlling Shareholders, for the following reasons:

(a) our Group holds or enjoys all the relevant licences necessary to carry out our business independently;

(b) our Group has sufficient facilities and employees to operate our business independently;

(c) our Group has established its own organisational structure consisted of individual departments, with each having specific areas of responsibilities;

(d) our Group's customers and suppliers are all independent from our Controlling Shareholders and his or its close associates; and

(e) there is no competing business between our Group and any of our Controlling Shareholders.

On the basis of the above factors, our Directors are satisfied that our Group will continue to be operationally independent of our Controlling Shareholders and his or its close associates.

Financial independence

We have an independent financial management and accounting systems and accounting department, and therefore can make financial decisions according to our business needs. During the Track Record Period and up to the Latest Practicable Date, certain bank borrowings were guaranteed by Mr. Song our Controlling Shareholder, Mr. Wu our executive Director and their respective spouse, disclosure of which are set out in the section headed "Financial Information — Indebtedness" in this prospectus, and Note 26 of the Accountant's Report set out in Appendix I to this prospectus. All the above personal guarantees provided to our Group will be released and replaced by the corporate guarantees executed by our Company upon the Listing.

Having consider the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and his or its respective close associates after listing.

CORPORATE GOVERNANCE MEASURES

The following corporate governance measures have been adopted by our Company.

(a) our independent non-executive Directors will review, on an annual basis, whether there are any conflict of interests between our Group and our Controlling Shareholders, and provide impartial advice;

(b) our Controlling Shareholders have undertaken to provide to us all information necessary including all relevant operational, market, financial and any other necessary information for the purpose of annual review by our independent non-executive Directors;

(c) our Company will disclose decisions on matters reviewed by our independent non-executive Directors in the annual report of our Company and/or by way of announcements as required by the Listing Rules;

(d) our independent non-executive Directors may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter at the cost of our Company;

(e) in the event that potential conflicts of interest may materialise, where a Director has an interest in a company that will enter into an agreement with our Group, the Director(s) with an interest in the relevant transaction(s) will not be present at the relevant board meeting, and will be excluded from the board deliberation and abstain from voting and will not be counted in the quorum in respect of the relevant resolution(s) at such board meeting in accordance with the Articles; and

(f) in the event that potential conflicts of interest may materialise, the Shareholder(s) with an interest in the relevant transaction(s) will abstain from voting in the shareholders' meeting of our Company with respect to the relevant resolution(s).

OUR DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of seven members, including four executive Directors and three independent non-executive Directors. Our Board is responsible and has general powers for management and conduct of our business.

The following table sets out the information regarding our current Directors:

Name	Age	Title	Date of joining our Group	Date of appointment	Relationship among our Directors and senior management	Roles and responsibilities
Executive Directors						
Mr. Song Hongtao (宋洪濤)	42	Chairman of our Board and executive Director	7 June 2004	6 December 2018	None	Overall operation, management and formulation of business strategy of our Group
Mr. Wu Xiaohua (吳曉華)	46	Chief executive officer and executive Director	11 May 2006	6 December 2018	None	Overall management and formulation of business strategy of our Group
Mr. Lam Chun Hung Stanley (林俊雄)	59	Executive Director	1 July 2014	6 December 2018	None	Overall formulation of business strategy of our Group
Ms. Wang Jing (王靜)	41	Executive Director	12 August 2010	6 December 2018	None	Overall operation and human resources management of our Group
Independent non-executive Directors						
Mr. Tu Xinchun (涂新春)	41	Independent non-executive Director	15 November 2019	15 November 2019	None	Overseeing the management of our Group independently
Ms. Zhang Yahan (張雅寒)	43	Independent non-executive Director	15 November 2019	15 November 2019	None	Overseeing the management of our Group independently
Dr. Qiao Zhonghua (喬中華)	41	Independent Non-executive Director	15 November 2019	15 November 2019	None	Overseeing the management of our Group independently

BOARD OF DIRECTORS

Executive Directors

Mr. Song Hongtao (宋洪濤), aged 42, is the chairman of our Board and executive Director. He is responsible for the overall operation, management and formulation of business strategy of our Group. He joined our Group in June 2004 as the sales manager and was appointed as the deputy general manager in May 2006 and was appointed as the general manager and a director of our Group in December 2015. He obtained a bachelor's degree in law from Southern Institute of Metallurgy (南方冶金學院) (now known as Jiangxi University of Science and Technology (江西理工大學)) in June 2000. He is also the chairman of the Nomination Committee of our Company.

Mr. Song has over 14 years of experience in the information technology service industry. In particular, Mr. Song has 6 years of experience in data solution services since 2013. Prior to joining our Group, Mr. Song served as a business manager of Shenzhen Meicheng Technology Company Limited* (深圳市美承科技有限公司) from June 2001 to May 2004.

Mr. Song was the supervisor of the following company which was established in the PRC and deregistered pursuant to Article 180 of the PRC Company Law. Mr. Song has confirmed that the deregistration was made voluntarily because the company had ceased to carry on business or operation.

Name of company	Nature of business	Date of deregistration
Beijing Suoxinda Information Technology Co., Ltd.* (北京索信達信息技術有限公司)	Technology promotion; sales of electronics, electromechanical devices, computer software, hardware and accessories; and computer system services	3 August 2017

Mr. Song confirms that there is no fraudulent act or misfeasance on his part leading to the deregistration of such company and he is not aware of any actual or potential administrative penalties, debts or liabilities which has been or will be made against him as a result of the deregistration of such company. Mr. Song also confirms that such company still had the ability to repay all debts at the time of the deregistration and that the deregistration of such company does not have any material adverse effect on the Group.

Mr. Wu Xiaohua (吳曉華), aged 46, is our chief executive officer and executive Director. He is responsible for the overall management and formulation of business strategy of our Group. He joined our Group in May 2006 as the general manager and was appointed as a director, the chief financial officer and the deputy general manager of our Group in December 2015. He obtained a bachelor's degree in production automation from Shenzhen University (深圳大學) in June 1995.

Mr. Wu has over 13 years of experience in business management. Prior to joining our Group, he served as a technical engineer of Shenzhen Hongbo Communication Investment Development Company* (深圳市鴻波通信投資開發公司) (now known as Guangdong Hongbo Communication Investment Holding Co., Ltd.* (廣東鴻波通信投資控股有限公司)) from July 1995 to February 1998; and later served as the head of sales in its trade department from February 1998 to January 2000. From January 2000 to May 2006, he worked at Shenzhen Post and Material Company Limited* (深圳市郵電物資有限公司) with his last position serving as a sales manager.

Mr. Wu was the sole proprietor of the following individual industrial and commercial households* (個體工商戶) in the PRC. Mr. Wu has confirmed that all such businesses were voluntarily deregistered pursuant to Article 12 of Regulation on Individual Industrial on Commercial Households* (個體工商戶條例) due to cessation of business.

Name of individual industrial and commercial household	Nature of business	Date of deregistration
Shenzhen Longgang District SEG Suoxinda Computer Business Department* (深圳市龍崗區賽格索信達電腦經營部)	Sales of computers and electronic accessories	23 May 2008
Shenzhen Futian District SEG Electronic Market Suoxinda Business Department* (深圳市福田區賽格電子市場索信達經營部)	Sales of computers and electronic accessories	8 December 2008

Mr. Wu confirms that there is no fraudulent act or misfeasance on his part leading to the deregistration of such individual industrial and commercial households and he is not aware of any actual or potential administrative penalties, debts or liabilities which has been or will be made against him as a result of the deregistration of such individual industrial and commercial households. Mr. Wu also confirms that such individual industrial and commercial households still had the ability to repay all debts at the time of the deregistration of such individual industrial and commercial households and that the deregistration of such individual industrial and commercial households does not have any material adverse effect on our Group.

Mr. Wu is a supervisor of Shenzhen Leiling Trading Co., Ltd* (深圳蕾聆貿易有限公司), which was established in the PRC. This company is wholly-owned by Ms. Chi Xianfang (池嫻芳), the spouse of Mr. Wu, and is principally engaged in the sales of cosmetic products. As confirmed by our PRC Legal Advisers in regards to the PRC Company Law, as a supervisor, the main roles of Mr. Wu are to supervise the smooth and lawful operation of this company and to safeguard the benefits of this company from its director and manager. As confirmed by Mr. Wu, (i) the business of Shenzhen Leiling Trading Co., Ltd* (深圳蕾聆貿易有限公司) does not compete or is likely to compete with our business; (ii) the time committed to acting as the supervisor of the company does not and will not likely materially affect his responsibility to our Company or on our business; and (iii) the company was solvent and inactive and is planning to apply for its deregistration, as at the Latest Practicable Date.

Mr. Lam Chun Hung Stanley (林俊雄), aged 59, is our executive Director. He is responsible for the overall formulation of business strategy of our Group. He joined our Group in July 2014 as the chief consultant and was appointed as a director of our Group in December 2015. He obtained a bachelor's degree in Business Administration from The Chinese University of Hong Kong in December 1983.

Mr. Lam has over 35 years of experience in the information technology service industry. Prior to joining our Group, he worked at (i) IBM China/Hong Kong Corporation from June 1983 to December 1991, and from October 1992 to September 1997, with his last position serving as manager, client operation in the banking, finance and security industry solutions function sector; (ii) Teradata (Hong Kong) Limited from September 1997 to January 2012, with his last position serving as a sales director; (iii) SAP Hong Kong Co Limited in Hong Kong from March 2012 to October 2012, with his last position serving as a HK country manager and (iv) SAS Institute Limited in Hong Kong from December 2012 to June 2014 serving as the managing director.

Ms. Wang Jing (王靜), aged 41, is our executive Director. She is responsible for the overall operation and human resources management of our Group. She joined our Group in August 2010 as the human resource manager and was later promoted as the assistant to the general manager in August 2013. In July 2016, she was appointed as the secretary of the board of directors of Suoxinda Shenzhen, our subsidiary. She received a graduation certificate in administrative management (correspondence course) issued by Hubei University of Technology (湖北工業大學) in June 2004. She also obtained the Certificate of Training for Senior Management of Listed Companies (Senior Management (Independent Director) of the listed companies of the Shenzhen Stock Exchange, Pei Xun Zi No. (1607717917))* (上市公司高級管理人員培訓結業證(深交所公司高管(獨立董事)培訓字(1607717917))) from the Shenzhen Stock Exchange in October 2016.

Ms. Wang has engaged in human resources administration for over 15 years and gained 5 years of experience in corporate management since 2013. Prior to joining our Group, she served as (i) the personnel administration manager of Shen Zhen Long Xing Shi Industry Co., Ltd (深圳市龍興仕實業有限公司) from May 2003 to February 2004; (ii) the human resources manager of Shenzhen Lize Intelligent Technology Company Limited* (深圳麗澤智能科技有限公司) from May 2004 to March 2008; and (iii) the human resources manager of Shenzhen Jinkaitai Telecommunication Devices Company Limited* (深圳市金凱泰通訊設備有限公司) from April 2008 to June 2010.

Independent Non-Executive Directors

Mr. Tu Xinchun (涂新春), aged 41, was appointed as our independent non-executive Director on 15 November 2019. He is responsible for overseeing the management of our Group independently. He is also the chairman of the Audit Committee and a member of the Remuneration Committee of our Company.

Mr. Tu graduated with a bachelor's degree in Management from the School of Economics and Management of Lanzhou University (蘭州大學) in the PRC in July 2001. He is also a member of the Chinese Institute of Certified Public Accountants since July 2003.

Prior to joining our Group, Mr. Tu worked at Pan-China Certified Public Accountants LLP* (天健會計師事務所) from July 2001 to December 2005 with his last position serving as a manager. Mr. Tu also worked at Grant Thornton International Ltd (致同會計師事務所) from January 2006 to June 2010, with his last position serving as a partner in the Shanghai branch office. Since June 2010, he has been a partner of Ruihua Certified Public Accountants* (瑞華會計師事務所).

Ms. Zhang Yahan (張雅寒), aged 43, was appointed as our independent non-executive Director on 15 November 2019. She is responsible for overseeing the management of our Group independently. She is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of our Company.

Ms. Zhang graduated with a bachelor's degree in law from the Southern Institute of Metallurgy (南方冶金學院) (now known as Jiangxi University of Science and Technology (江西理工大學)) in June 2000 and further obtained an Executive Masters of Business Administration in Finance from the Shanghai Advanced Institute of Finance Shanghai Jiao Tong University* (上海交通大學上海高級金融學院) in June 2016.

Prior to joining the Group, Ms. Zhang worked at Stanley & Partners Investment Management Co., Ltd. (基強聯行投資管理(中國)有限公司) , a company which provides financing and real estate services, from March 2003 to February 2017, with her last position serving as a partner. Since February 2017, she has been serving as a director and general manager of Shanghai Blue Mountains Asset Management Co., Ltd.* (上海藍山資產管理有限公司), which provides management services for companies.

Ms. Zhang was a supervisor of Shanghai Rongzhuo Property Service Co., Ltd.* (上海榮卓物業服務有限公司), which was established in the PRC with its business licence revoked on 21 July 2009. As confirmed by Ms. Zhang, (i) the company was solvent and inactive at the time of revocation of its business licence; (ii) the business licence of the company was revoked due to its failure to complete the annual examination; and (iii) the company was deregistered on 9 November 2019.

Ms. Zhang was the director, supervisor or owner of the following companies/firms which were established in the PRC and deregistered pursuant to Article 180 of the PRC Company Law/Article 26 of the Sole Proprietorship Enterprise Law of the People's Republic of China (中華人民共和國個人獨資企業法). It is confirmed by Ms. Zhang that the following deregistration were made voluntarily as the companies/firms had ceased to carry on business or operation.

Name of company	Nature of business	Date of deregistration
Shanghai Jinchan Investment Management Co., Ltd.* (上海金產投資管理有限公司)	Investment management, investment consulting services. Real estate investment consulting services and property management	16 November 2015
Shanghai Moying Apartment Management Co., Ltd* (上海魔應公寓管理有限公司)	Property management	30 October 2017

Name of company	Nature of business	Date of deregistration
Shanghai Yingzhaoer Investment Consulting Firm* (上海應兆爾投資諮詢事務所)	Corporation management and investment management consulting services	5 June 2014
Shanghai Yingyou Investment Consulting Firm* (上海應優投資諮詢事務所)	Corporation management and investment management consulting services	6 November 2018

Ms. Zhang confirms that there is no fraudulent act or misfeasance on her part leading to the deregistration of such companies/firms and she is not aware of any actual or potential administrative penalties, debts or liabilities which has been or will be made against her as a result of the deregistration of such companies/firms. Ms. Zhang also confirms that such companies/firms still had the ability to repay all debts at the time of the deregistration and that the deregistration of such companies/firms does not have any material adverse effect on the Group.

Dr. Qiao Zhonghua (喬中華), aged 41, was appointed as our independent non-executive Director on 15 November 2019. He is responsible for overseeing the management of our Group independently. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of our Company.

Dr. Qiao graduated with bachelor's degree in Applied Mathematics and master's degrees in Computational Mathematics from Zhengzhou University (鄭州大學) in the PRC in June 2000 and July 2003, respectively. He also graduated with a doctor of philosophy in Computational Mathematics from the Hong Kong Baptist University in November 2006.

Prior to joining our Group, Dr. Qiao was a post doctoral research associate in the Centre for Research in Scientific Computation at North Carolina State University from July 2006 to July 2008. He had served as an assistant professor and later as a research assistant professor of the Department of Mathematics at the Hong Kong Baptist University from August 2008 to December 2011. He also served as an assistant professor at the Department of Applied Mathematics at the Hong Kong Polytechnic University from December 2011 to June 2017. Since July 2017, he has been an associate professor at the Department of Applied Mathematics at the Hong Kong Polytechnic University.

Dr. Qiao was awarded the Hong Kong Mathematical Society Young Scholars Award 2018 by the Hong Kong Mathematical Society in May 2018.

General

Each of our Directors has confirmed that save as disclosed herein, with respect to himself/herself: (i) he/she did not hold other positions in our Company or members of our Group as at the Latest Practicable Date; (ii) he/she had no other relationship with any Directors, senior management or substantial or Controlling Shareholder of our Company as at the Latest Practicable Date; (iii) he/she did not hold any other directorships in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas in the three years prior to the Latest Practicable Date; (iv) he/she is not engaged in, or interested in any business (other than our Group business) which, directly or indirectly, competes or is likely to compete with our business, which would require disclosure pursuant to Rule 8.10 of the Listing Rules; and (v) there are no other matters concerning our Directors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

As at the Latest Practicable Date, save as disclosed in the section headed "Statutory and General Information — C. Further information about Directors and Substantial Shareholders" in Appendix V to this prospectus, each of our Directors did not have any interests in the Shares within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

The following table sets out the information regarding the current members of our senior management.

Name	Age	Title	Date of joining our Group	Date of appointment	Relationship among our Directors and senior management	Roles and responsibilities
Mr. Cao Xinjian (曹新建)	41	AI department general manager	20 June 2016	14 January 2019	None	Operation and research and development
Ms. Wei Huijuan (魏惠娟)	34	Deputy chief financial officer	23 March 2017	23 March 2017	None	Oversees accounting activities
Ms. Li Qiongmei (李琼梅)	36	Financial business consultancy director	10 September 2015	14 January 2019	None	Solution consultation
Mr. Wang Jialin (王加麟)	34	Strategy and management consultancy director	16 August 2018	14 January 2019	None	Solution consultation
Ms. Yu Hongcui (余紅翠)	36	Sales director	4 November 2014	14 January 2019	None	Sales and marketing
Ms. Pan Honglian (潘紅蓮)	38	Product director	26 November 2016	14 January 2019	None	Research and development
Ms. Shao Ping (邵平)	35	Financial AI Lab director	9 March 2016	14 January 2019	None	Research and development

Mr. Cao Xinjian (曹新建), aged 41, joined our Group in June 2016 as the chief technical officer and has been our AI department general manager since January 2019. He graduated with a bachelor's degree in Mechanical Design Manufacture and Automation from Dalian University of Technology (大連理工大學) in July 2001. He also obtained a master degree in Mechanical Design and Theory from Dalian University of Technology (大連理工大學) in April 2004.

He has over 14 years of experience in the information technology service industry. From April 2004 to March 2007, he served as a software engineer of Beijing Yanhua Xingye Electronic Technology Company Limited* (北京研華興業電子科技有限公司). He then served as senior manager in SAS Software Research and Development (Beijing) Company Limited* (賽仕軟件研究開發北京有限公司) from March 2007 to June 2016.

Ms. Wei Huijuan (魏惠娟), aged 34, is the deputy chief financial officer of our Group and joined our Group in March 2017. She received a graduation certificate for completing a self-taught higher education examination* (高等教育自學考試) in accounting issued by the Guangdong Province Self-taught Examination Committee* (廣東自學考試委員會) and Jinan University (暨南大學) in June 2013. She has obtained an intermediate accountant certificate* (中級會計資格證書) issued by the Guangdong Province Human Resources and Social Security Department* (廣東省人力資源和社會保障廳) in February 2016.

She has over 11 years of experience with accounting and financing. Prior to joining our Group, she served as an accounting supervisor at Shenzhen Jiayuanda Technology Co., Ltd.* (深圳市佳源達科技有限公司) from June 2007 to April of 2011. She then served as a finance manager at Dongguan Baoneng Steel Trading Co., Ltd.* (東莞市寶能鋼鐵貿易有限公司) from May 2011 to January 2015. She later served as a finance manager at Shenzhen Wpeak Information System Co., Ltd.* (深圳市浪峰信息系統有限公司) from February 2015 to December 2016.

Ms. Li Qiongmei (李琼梅), aged 36, is the financial business consultancy director of our Group and joined our Group in September 2015. She graduated with a bachelor's degree in Mathematics and Applied Mathematics from Guangxi University for Nationalities (廣西民族大學) in June 2007. She further obtained a master's degree in Probability and Statistics from Guangxi Normal University (廣西師範大學) in June 2010. She has obtained an intermediate statistician certificate* (中級統計資格證書) issued by the Guangzhou Municipal Human Resources and Social Security Bureau* (廣州市人力資源和社會保障局) in March 2013. She has also been certified as a Project Management Professional by the Project Management Institute since September 2013.

She has over 8 years of experience in the information technology service industry. Prior to joining our Group, she served as a data analyst of Guangzhou Youshi Information System Company Limited* (廣州優識科技資訊股份有限公司) from July 2010 to December 2012. She later served as a data analyst of Beijing Yinfeng Xinrong Technology Development Company Limited* (北京銀豐新融科技開發有限公司) from December 2012 to August 2015.

Mr. Wang Jialin (王加麟), aged 34, is the strategy and management consultancy director of our Group and joined our Group in August 2018. He graduated with a bachelor's degree in Computer Science and Technology (Software Technology) from South China University of Technology (華南理工大學) in July 2010.

He has over 5 years of experience in management consultancy. Prior to joining our Group, he worked at the Beijing branch office of Ernst & Young (China) Advisory Limited (安永(中國)企業諮詢有限公司) from April 2013 to April 2015, with his last position serving as a senior advisor. From

May 2015 to June 2018, he worked at Deloitte Consulting Shanghai Co. Ltd. (德勤管理諮詢(上海)有限公司), with his last position serving as a manager for the management consulting department in the Shenzhen branch office.

Ms. Yu Hongcui (余紅翠), aged 36, is the sales director of our Group and joined our Group in November 2014. She received a graduation certificate in Business Administration from Beijing University for Business Administration* (北京工商管理專修學院) in July 2006.

She has over 11 years of experience in the sales and marketing. She started her career as a sales manager assistant at Shenzhen Yulong Tongfang Technology Company Limited* (深圳市育龍同方科技有限公司) from July 2007 to September 2008. She also served as the sales manager of Shenzhen Guigu Mingtian Technology Development Company Limited* (深圳市矽谷明天科技發展有限公司) from September 2008 to September 2014.

Ms. Pan Honglian (潘紅蓮), aged 38, is the product director of our Group and joined our Group in November 2016. She graduated with a bachelor's degree in Computer Science and Technology from Beihang University (北京航空航天大學) in July 2001. She also obtained a master's degree in Technology of Computer Application from Beihang University (北京航空航天大學) in March 2004.

She has over 14 years of experience in the information technology service industry. From April 2004 to January 2008, she served as a quality assurance engineer of Beijing Yanhua Xingye Electronic Technology Company Limited* (北京研華興業電子科技有限公司). She later served as a senior data analyst of SAS Software Research and Development (Beijing) Company Limited* (賽仕軟件研究開發(北京)有限公司) from February 2008 to February 2014, and a senior systems engineer of SAS Beijing from February 2014 to November 2016.

Ms. Shao Ping (邵平), aged 35, is the financial AI lab director of our Group and joined our Group in March 2016. She graduated with a bachelor's degree in Information and Computing Science from Guangdong University of Technology (廣東工業大學) in June 2006. She also obtained a master's degree in Probability and Statistics from Jinan University (暨南大學) in June 2008.

She has over 6 years of experience in the information technology service industry. Prior to joining our Group, she served as an office clerk at Shenzhen Dongfeng South Industrial Group Company Limited* (深圳市東風南方實業集團有限公司) from August 2008 to September 2012. She later served as a data analyst at Beijing Taoche Information Technology Company Limited* (北京淘車信息技術有限公司) from December 2012 to January 2014; a senior modelling analyst at the credit card centre of China Guangfa Bank Co., Ltd* (廣發銀行股份有限公司信用卡中心) from April 2014 to November 2014 and a data modeler architect at Guangdong Highsun Group Company Limited* (廣東海印集團股份有限公司) from November 2014 to June 2015.

COMPANY SECRETARY

Mr. Wong Tin Yu (黄天宇), aged 29, was appointed as the company secretary of our Company on 14 February 2019 and is responsible for the overall company secretarial matters of our Group. He obtained a Bachelor of Business Administration degree in Finance from Lingnan University in November 2012. He was admitted as an associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom in June 2016.

Mr. Wong has around 7 years of experience in the corporate secretarial field. He joined Tricor Services Limited in July 2012 and is currently a manager of its corporate services division. Since then, he has been providing professional corporate services to Hong Kong listed companies as well as private and offshore companies.

BOARD COMMITTEES

Our Company has established three Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, including the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

Our Company established an Audit Committee on 15 November 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee include ensuring that an effective financial reporting, risk management and internal control systems are in place and compliance of the Listing Rules, controlling the completeness of our Company's financial statements, selecting external auditors and assessing their independence and qualifications, and ensuring the effective communication between our internal and external auditors.

The Audit Committee initially comprises three members, namely Mr. Tu, Ms. Zhang and Dr. Qiao. The chairman of the Audit Committee is Mr. Tu, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

Our Company established a Remuneration Committee on 15 November 2019 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules with effect upon the Listing. The primary duties of the Remuneration Committee include assisting the Board in determining the remuneration policy for and structure of our Directors and senior management, reviewing incentive schemes and service contracts of our Directors, and ensuring the execution of the remuneration packages of the executive Directors and senior management.

The Remuneration Committee initially comprises three members, namely Mr. Tu, Ms. Zhang and Dr. Qiao. Ms. Zhang is the chairman of the Remuneration Committee.

Nomination Committee

Our Company established the Nomination Committee on 15 November 2019 with written terms of reference in compliance with paragraph A.5.1 of Appendix 14 to the Listing Rules with effect upon the Listing. The primary duties of the Nomination Committee include assisting the Board in identifying suitable candidates for our Directors and making recommendations to the Board, assessing the structure and composition of the Board, preparing, making recommendations to and supervising the execution of the board diversity policy of our Company.

The Nomination Committee initially comprises three members, namely Mr. Song, Ms. Zhang and Dr. Qiao. Mr. Song is the chairman of the Nomination Committee.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Our Company recognises and embraces the benefits of having diversity on our Board and sees the increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract employees from the widest pool of available talents. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to skills, professional experience, knowledge, age, gender, cultural and education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

Upon the Listing, our Board will comprise 7 members, including one female executive Director and one female independent non-executive Director. Under the board diversity policy, our Company aims to maintain at least a 20% female representation in the Board and the composition of our Board satisfies the board diversity policy goal. As the representation of women in senior roles throughout the PRC economy and our industry continues to grow and the pool of qualified female candidates expands, we would expect to see the proportion of female directors on our Board would increase over time.

Going forward, in recognising the importance of maintaining board diversity, including gender diversity, our Directors confirm that our Nomination Committee will continue to identify and recommend to our Board for consideration the potential candidates which are to be appointed as

Directors from time to time. Our Nomination Committee may consider recommending nominees internally from our senior management or recruiting externally of suitable candidates who have the requisite skills and experience for appointment in our Board.

COMPLIANCE ADVISER

Our Company has appointed Essence Corporate Finance (Hong Kong) Limited as our compliance adviser (the "**Compliance Adviser**") in accordance with Rule 3A.19 of the Listing Rules. Pursuant to 3A.23 of the Listing Rules, the Compliance Adviser will advise us in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notification or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where we propose to use the proceeds from the Share Offer in a manner different from that detailed in this prospectus or if our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes any inquiry to us regarding unusual movements in the price or trading volume of our Shares.

The term of appointment will commence on the Listing Date and end on the date on which we distribute the annual report of our financial results as required under Rule 13.46 of the Listing Rules for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

The Compliance Adviser will act as an additional channel of communication between the Company and the Stock Exchange.

CORPORATE GOVERNANCE

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability.

Our Company has adopted a code of corporate governance, containing the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules. Our Directors will use their best endeavours to procure our Company to comply with such code of corporate governance and make disclosure of deviation from such code in accordance with the Listing Rules.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, contributions to pension schemes and other allowances and benefits in kind subject to applicable laws, rules and regulations. The aggregated amounts of emoluments (including director's fees, salaries, allowances and other benefits, discretionary bonus and retirement benefit scheme contribution) paid to all our Directors, for the three years ended 31 December 2018 and FP2019 were approximately RMB1.3 million, RMB1.2 million, RMB1.1 million and RMB0.6 million, respectively. The aggregate amounts of emoluments (including director's fees, salaries, allowances and other benefits, performance related bonus and retirement benefit scheme contribution) paid to the five highest paid individuals of our Group, including Directors, for the three years ended 31 December 2018 and FP2019 were approximately RMB1.9 million, RMB2.3 million, RMB2.9 million and RMB1.3 million, respectively. The above five highest paid individuals included one Director in 2016.

We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the three years ended 31 December 2018 and FP2019. Further, none of our Directors had waived any remuneration during the Track Record Period.

The primary goal of the remuneration policy with regard to the remuneration packages of our executive Directors is to enable our Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved. The principal elements of our executive Directors remuneration packages include basic salaries and discretionary bonuses.

Under the arrangements currently in force, we estimate that the aggregate amounts of emoluments (excluding discretionary bonus) payable to and benefits in kind receivable by our Directors (including independent non-executive Directors in their respective capacity as Directors) for the year ending 31 December 2019 will be approximately RMB1.2 million.

We have not experienced any significant problems with our employees or disruption to our operations due to labour disputes, nor have we experienced any difficulties in the recruitment and retention of experienced staff.

For further disclosure of our Director's contracts and their remuneration, please refer to the section headed "Statutory and General Information — C. Further information about Directors and Substantial Shareholders" in Appendix V to this prospectus.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company prior to and upon the completion of the Share Offer and Capitalisation Issue:

Authorised share capital:

2,000,000,000	Shares of HK$0.01 each	HK$20,000,000

Shares in issue or to be issued, fully paid or credited as fully paid:

10,000	Shares in issue at the date of this prospectus	HK$100
299,990,000	Shares to be issued under the Capitalisation Issue	HK$2,999,900
100,000,000	Shares to be issued under the Share Offer	HK$1,000,000

Total:

400,000,000	Shares	HK$4,000,000

ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional and Shares are issued pursuant to the Share Offer.

The above table does not take into account any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to our Directors to allot and issue or repurchase Shares as referred to below.

MINIMUM PUBLIC FLOAT

The minimum level of public float to be maintained by our Company at all times after Listing under the Listing Rules is 25% of its share capital in issue from time to time.

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this prospectus, and in particular, will be entitled to all dividends and other distributions declared, paid or made on the Shares after the date of this prospectus save for entitlements under the Capitalisation Issue.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate number of such Shares not exceeding the aggregate of:

(i) 20% of the number of issued Shares as enlarged by the Share Offer and Capitalisation Issue; and

(ii) the number of such Shares which may be repurchased by our Company (if any) under the repurchase mandate (as referred to below).

Our Directors may, in addition to the Shares which they are authorised to issue under this mandate, allot, issue and deal in the Shares pursuant to a rights issue, or pursuant to the exercise of any subscription rights, warrants which may be issued by our Company from time to time, scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles. The aggregate number of Shares which our Directors are authorised to allot and issue under this mandate will not be reduced by the allotment and issue of such Shares.

This general mandate will expire:

(i) at the conclusion of our next annual general meeting; or

(ii) upon the expiry of the period within which our next annual general meeting is required by any applicable laws or the Memorandum and the Articles to be held; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

whichever is the earliest.

For further disclosure of this general mandate, please refer to the section headed "Statutory and General Information — A. Further information about our Company — 3. Written Resolutions of our Shareholders passed on 15 November 2019" in Appendix V to this prospectus.

REPURCHASE MANDATE

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all of the powers of our Company to repurchase Shares not exceeding 10% of the aggregate number of issued Shares immediately following completion of the Capitalisation Issue and the Share Offer.

This mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which our Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and which are made in accordance with the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the section headed "Statutory and General Information — A. Further information about our Company — 6. Repurchase by Our Company of Our Own Securities" in Appendix V to this prospectus.

The general mandate to repurchase shares will expire:

(i) at the conclusion of our Company's next annual general meeting; or

(ii) upon the expiry of the period within which our next annual general meeting is required by any applicable laws or the Memorandum and the Articles to be held; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

whichever is the earliest.

For further details of the Repurchase Mandate, please refer to the section headed "Statutory and General Information — A. Further information about our Company — 6. Repurchase by Our Company of Our Own Securities" in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. Please refer to the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — (a) Shares — (iii) Alteration of capital" in Appendix IV to this prospectus for further disclosure.

Pursuant to the Companies Law and the terms of the Memorandum of Association and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, see the subsection headed "Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — (a) Shares — (ii) Variation of rights of existing shares or classes of shares" in Appendix IV to this prospectus.

So far as is known to our Directors or our chief executive, immediately following completion of the Share Offer, the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the number of any class of issued share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Interest in our Company

Name of shareholders	Nature of interest	Number of Shares held at the date of filing of the application proof of this prospectus	Approximate percentage of shareholding at the date of filing of the application proof of this prospectus	Number of Shares held after the Share Offer	Approximate percentage of shareholding after the Share Offer[1]
Mindas Touch	Beneficial interest	6,536	65.36%	196,080,000	49.02%
Ideal Treasure	Beneficial interest	1,453	14.53%	43,590,000	10.90%
Thousand Thrive	Beneficial interest	1,134	11.34%	34,020,000	8.50%
Mr. Song[2]	Interest in controlled corporation	6,536	65.36%	196,080,000	49.02%
Mr. Wu[3]	Interest in controlled corporation	1,453	14.53%	43,590,000	10.90%
Ms. Liu[4]	Interest in controlled corporation	1,134	11.34%	34,020,000	8.50%
Ms. Huang Liming (黃黎明)[5]	Interest of spouse	6,536	65.36%	196,080,000	49.02%
Ms. Chi Xianfang (池嫻芳)[6]	Interest of spouse	1,453	14.53%	43,590,000	10.90%
Mr. Fan Yuehua (范月華)[7]	Interest of spouse	1,134	11.34%	34,020,000	8.50%

Notes:

(1) The calculation is based on the total number of 400,000,000 Shares in issue after the completion of the Capitalisation Issue and the Share Offer.

(2) Mr. Song is the sole beneficial owner of Mindas Touch. By virtue of the SFO, Mr. Song is deemed to be interested in the Shares held by Mindas Touch.

(3) Mr. Wu is the sole beneficial owner of Ideal Treasure. By virtue of the SFO, Mr. Wu is deemed to be interested in the Shares held by Ideal Treasure.

(4) Thousand Thrive is owned as to 37.04% by Ms. Liu, 20.54% by Ms. Wang, 15.50% by Ms. Wei, 12.01% by Mr. Chen Liang and 14.91% by Ms. Zhu, respectively. By virtue of the SFO, Ms. Liu is deemed to be interested in the Shares held by Thousand Thrive.

(5) Ms. Huang Liming (黃黎明) is the spouse of Mr. Song. Under Part XV of the SFO, Ms. Huang Liming (黃黎明) is deemed to be interested in the same number of Shares in which Mr. Song is interested.

(6) Ms. Chi Xianfang (池嫺芳) is the spouse of Mr. Wu. Under Part XV of the SFO, Ms. Chi Xianfang (池嫺芳) is deemed to be interested in the same number of Shares in which Mr. Wu is interested.

(7) Mr. Fan Yuehua (范月華) is the spouse of Ms. Liu. Under Part XV of the SFO, Mr. Fan Yuehua (范月華) is deemed to be interested in the same number of Shares in which Ms. Liu is interested.

Save as disclosed herein, our Directors and our chief executive are not aware of any person (who are not Directors or chief executive of our Company) who will, immediately following the Capitalisation Issue and the completion of the Share Offer, have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under 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 number of any class of issued share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

You should read the following discussion of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes set out in the Accountant's Report included in Appendix I to this prospectus. The Accountant's Report contains our audited consolidated financial statements as at and for the years ended 31 December 2016, 2017 and 2018, and the five months ended 31 May 2019. Our consolidated financial statements have been prepared in accordance with IFRSs, which may differ in material respects from generally accepted accounting principles in other jurisdictions. This discussion contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those described in the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a market player in the big data and AI industry in the PRC providing data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services, to corporate customers.

Based in Shenzhen, we develop and deliver sophisticated data solutions with a strategic focus on leading banks and financial institutions in the PRC. We were ranked the fifth largest data solution provider based in Southern China in terms of revenue from financial industry in 2018[(1)], with our services covering 55.6% of the state-owned banks and joint stock commercial banks in the PRC and our financial customers including eight of the fifteen largest banks in the PRC in terms of revenue in 2018, according to the F&S Report. We were also ranked the ninth largest Southern China-based data solution provider in terms of revenue[(2)], and in the PRC big data and AI solution industry, we had a market share of 0.06% in the PRC big data and AI solution industry in terms of revenue derived from provision of data solutions in 2018, according to the F&S Report.

In our early history, we had been engaged principally in the provision of IT maintenance and support services, as well as sales of hardware and software and related services, serving large scale corporations in various industries, including telecommunication network operators, information technology providers, securities firms and medical equipment manufacturers. Since 2013 an increasing number of applications that integrated big data technology with businesses in customer downstream industries have been successfully developed and completed in the market, according to the F&S Report. Seeing the rising market demands for and strong market potential in this field, we commenced to provide big data solutions to our customers in 2013 and achieved important growth for our big data business from 2013 to 2015. Further, AI technological advancements significantly

Notes:

(1) Frost & Sullivan, our industry consultant, provides this ranking in terms of revenue derived from provision of big data and AI solutions to users of solutions who are in the financial industry in 2018. For further disclosure about our rankings, please refer to the section headed "Industry Overview — Research Background and Methodologies" in this prospectus.

(2) Frost & Sullivan provides this ranking in terms of revenue derived from provision of big data and AI solutions in 2018.

enhances the capabilities of solution providers and meet particular requirements in customer downstream industries, according to the F&S Report. Leveraging our accumulated experience in advanced technologies, we further utilised AI technology in our solutions in 2015 and have strategically focused on the financial industry in order to strengthen our competitive advantages. We categorise our major revenue streams into (i) data solutions, (ii) sales of hardware and software and related services as an integrated service, and (iii) IT maintenance and support services. Our three revenue streams form an integrated business model which generate stable income with a fair profit margin and create cross-selling opportunities for sustainable growth.

Leveraging our competitive advantages and taking advantage of the significant momentum of industry growth, we have strategically focused on the PRC financial industry. Revenue derived from the end users of our data solutions in the financial end customers increased at a CAGR of 30.7% from FY2016 to FY2018 and increased by 267.7% from FP2018 to FP2019.

BASIS OF PREPARATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 6 December 2018. Our Company is an investment holding company. Our consolidated financial information has been prepared in accordance with applicable IFRS and related interpretations and is presented in RMB, unless otherwise stated. Our consolidated financial information has been prepared under the historical cost convention as modified by the revaluation of financial assets which are carried at fair value. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires our management to exercise their judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to our consolidated financial information, are disclosed in Note 4 of the Accountant's Report included in Appendix I to this prospectus.

All effective standards, amendments to standards and interpretations, including IFRS 9 "Financial Instruments", and IFRS 15 "Revenue from Contracts with Customers", which are mandatory for the financial year beginning on 1 January 2018, and IFRS 16 "Leases", which is mandatory for the financial year beginning on 1 January 2019, have been consistently applied to our Group retrospectively throughout the Track Record Period.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial condition and results of operations have been, and are expected to continue to be, affected by a number of factors, including those factors set out in the section headed "Risk Factors" in this prospectus and those set out below:

Ability to keep pace with the development of the big data and AI solution market and the other segments of the IT solution market in the PRC

During the Track Record Period, our core business involves three main revenue streams, namely (i) data solutions, (ii) sales of hardware and software and related services as an integrated service, and (iii) IT maintenance and support services. As such, our results of operations are affected by the general development of big data and AI solution market and the other segments of the IT solution market in the PRC as well as the macro-economic environment in the PRC. This includes changes in the regulatory environment, market competition, economic growth and technological advancements in the PRC, especially those of industries in relation to our data solutions and other relevant IT solution market in the PRC. Our ability to anticipate and respond to these potential change will have a significant effect on our future performance.

Ability to maintain and expand our customer base

Our revenue is derived primarily from (i) provision of our data solutions; and (ii) our sales of hardware and software and related services as an integrated service, to a lesser extent from provision our IT maintenance and support services. Our business depends principally on our ability to maintain and expand our customer base which includes some of the major banks and other market players in PRC financial industry, as well as large enterprises in other industries. During the Track Record Period, we have achieved a high customer retention rate, our revenue generated from the repeat customers (being customers or their affiliates who had contributed to our revenue previously) amounted to RMB118.1 million for FY2016, RMB115.4 million for FY2017, RMB115.9 million for FY2018, and RMB46.9 million for FP2019, representing 69.3%, 82.8%, 62.5%, and 69.2% of our total revenue, respectively. In addition, we have experienced a significant increase in revenue from RMB139.4 million for FY2017 to RMB185.5 million for FY2018 and from RMB41.3 million for FP2018 to RMB67.8 million for FP2019, which was mainly contributed by the growth of our customer base.

Ability to manage costs and expenses, especially our material costs and labour associated costs in relation to our cost of sales

Our ability to manage and control our costs and expenses, particularly our material costs and labour associated costs in relation to our cost of sales, is a key factor affecting our results of operation. During the Track Record Period, our material costs and labour associated costs, namely subcontracting costs and employee benefit expenses, represented a major component of our cost of sales. The direct cost structures in respect of our data solutions, as well as IT maintenance support services, are mainly affected by our labour associated costs, while the direct cost structure in respect of our sales of hardware and software and related services as an integrated service mainly affected by our material costs. If (i) the material costs and (ii) labour associated costs, increase significantly, and we could not pass such increases to our customers, our result of operations and financial position would be materially and adversely affected. For FY2016, FY2017, FY2018, FP2018 and FP2019, (i) our material costs amounted to RMB91.1 million, RMB56.2 million, RMB53.0 million, RMB14.6 million and RMB5.8 million, respectively, representing 69.2%, 60.5%, 43.3%, 52.1% and 14.8% of our cost of sales; and (ii) our labour associated costs included (a) subcontracting service fee which amounted to RMB19.1 million, RMB7.8 million, RMB37.0 million, RMB2.8 million and RMB16.6 million, respectively, representing 14.5%, 8.4%, 30.2%, 9.8% and 42.3% of our cost of sales for the relevant periods; and (b) employee benefit expenses which amounted to RMB20.3 million, RMB26.3 million, RMB30.1 million, RMB10.0 million and RMB15.9 million for FY2016, FY2017, FY2018, FP2018 and FP2019, respectively, representing 15.4%, 28.3%, 24.6%, 35.7% and 40.5% of our cost of sales for the relevant periods.

In order to assess the hypothetical financial impacts of these factors, the following sensitivity analysis illustrates the impact of hypothetical fluctuation in our material costs and labour associated costs with other variables held constant and their respective effects on our cost of sales and our gross profit for during the Track Record Period. Fluctuations are assumed to be (i) 10% and 20% for the material costs, and (ii) 10% and 20% for the labour associated costs for each of the periods indicated. The analysis below is intended for reference only, and any variation may differ from the amount indicated.

(i) Analysis of the hypothetical fluctuation for the material costs

Change in material costs	**FY2016**	**FY2017**	**FY2018**	**FP2018**	**FP2019**
	Change in gross profit RMB'000	*Change in gross profit RMB'000*	*Change in gross profit RMB'000*	*Change in gross profit RMB'000*	*Change in gross profit RMB'000*
+20%	(18,230)	(11,236)	(10,608)	(2,924)	(1,166)
– 20%	18,230	11,236	10,608	2,924	1,166
+10%	(9,115)	(5,618)	(5,304)	(1,462)	(583)
– 10%	9,115	5,618	5,304	1,462	583

(ii) Analysis of the hypothetical fluctuation for the labour associated costs, namely the subcontracting service fee and employee benefit expenses

Change in labour associated costs	**FY2016**	**FY2017**	**FY2018**	**FP2018**	**FP2019**
	Change in gross profit RMB'000	*Change in gross profit RMB'000*	*Change in gross profit RMB'000*	*Change in gross profit RMB'000*	*Change in gross profit RMB'000*
+20%	(7,874)	(6,834)	(13,404)	(2,558)	(6,488)
– 20%	7,874	6,834	13,404	2,558	6,488
+10%	(3,937)	(3,417)	(6,702)	(1,279)	(3,244)
– 10%	3,937	3,417	6,702	1,279	3,244

Preferential tax treatment for our PRC operations

Under the EIT Law and the EIT Rules, the income tax rate of the entity established in the PRC is 25%. Suoxinda Shenzhen, one of our operating subsidiaries, was recognised as a "National High and New Technology Enterprise" in 2011 and was entitled to a preferential EIT rate of 15% for FY2016, FY2017, FY2018 and FP2019, respectively. The entitlement of this tax benefit is subject to renewal by relevant tax bureau in the PRC every three years. Currently, the entitlement of Suoxinda Shenzhen for such tax benefit will require further renewal in 2020.

Suoxinda Beijing, another operating subsidiary, was also recognised as a "National High and New Technology Enterprise" and was entitled to a preferential EIT rate of 15% from 2018 to 2020. In addition, pursuant to the relevant laws and regulation in the PRC, Suoxinda Beijing was qualified as small and micro-enterprise with annual assessable revenue below RMB0.5 million and enjoyed 50% reduction of its assessable revenue and a preferential EIT rate of 20% for income of FY2017.

Please refer to the paragraph headed " — Discussion of Description of Major Components of our Results of Operations — Income Tax Expense" in this section and the section headed "Regulatory Overview — Laws and Regulations in the PRC — Laws and Regulations on Tax Matters" in this prospectus for further disclosure.

However, preferential tax treatment granted to Suoxinda Shenzhen and Suoxinda Beijing by government authorities is subject to review and may be adjusted or terminated. The discontinuation of any preferential tax treatment currently available to us will cause our effective tax rate to increase, which could have an adverse effect on our results of operations.

Seasonality

We typically experience seasonal fluctuations in our revenues and results of operations. We have historically generated lower revenue in the first two quarters than in the last two quarters. Our Directors believe that the historical seasonal fluctuation during the Track Record Period was mainly attributable to the procurement procedures which our customers, especially banks and financial institutions, mostly began in the first two quarters of each year. In light of such seasonal patterns of our business, our revenue and results of operations are likely to continue to fluctuate due to seasonality and therefore, our results of operation for any period in a year are not necessarily indicative of the full year result.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to apply estimates and assumptions as well as complex judgments relating to accounting items. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management to make subjective and complex judgements based on information and financial data that may change in future periods. When reviewing our consolidated financial statements, you should consider (i) our significant accounting policies, (ii) the judgements and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set out below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our financial statements. Our significant accounting policies, judgements and estimates, which are important for an understanding of our financial condition and results of operations, are set out in further details in Note 2 and 4 to our consolidated financial statements in the Accountant's Report in Appendix I to this prospectus.

Adoption of IFRS 9, IFRS 15 and IFRS 16

Our historical consolidated financial information has been prepared based on our underlying financial statements, in which IFRS 9 "Financial instruments" ("**IFRS 9**"), IFRS15 "Revenue from contracts with customers" ("**IFRS 15**") and IFRS 16 "Leases" ("**IFRS 16**") have been adopted and applied consistently since the beginning of, and throughout, the Track Record Period. We have adopted IFRS 9, IFRS 15 and IFRS 16 instead of IAS 39 'Financial Instruments: Recognition and Measurement' ("**IAS 39**"), IAS 18 'Revenue' ("**IAS 18**") and IAS 17 "Leases" ("**IAS 17**") in the preparation of our underlying financial statements, such that our historical financial information prepared under IFRS 9, IFRS 15 and IFRS 16 is comparable on a period-to-period basis.

We have assessed the effects of application of IFRS 9, IFRS 15 and IFRS 16 on our financial position and performance. We identified that impairment requirements under IFRS 9 disclosed in Note 2.10 of Appendix I — Accountant's Report and impact of and recognition of right of use asset and financial liability to pay rentals under IFRS 16 disclosed in Note 2.26 of Appendix I — Accountant's Report would be different if IAS 39 and IAS 17 have been applied.

Impact of the Adoption of IFRS16 — Lease

IFRS 16 was issued in January 2016. It results in almost all leases being recognised on the consolidated statements of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

This standard affects primarily the accounting for our Group's operating leases. During the Track Record Period, we had non-cancellable operating lease commitments of RMB2.3 million, RMB2.2 million, RMB6.8 million and RMB6.3 million as at 31 December 2016, 2017 and 2018, and 31 May 2019, respectively. Of these commitments, approximately RMB30,000, RMB0.3 million, RMB0.3 million and RMB1.7 million of them, respectively, related to short-term leases and low value leases which was recognised on a straight-line basis as expenses in profit or loss.

Upon the application of IFRS 16, we have recognised right-of-use asset of RMB2.1 million, RMB1.7 million, RMB5.5 million, and RMB4.1 million as at 31 December 2016, 2017 and 2018, and 31 May 2019, respectively. We have recognised corresponding lease liabilities of RMB2.2 million, RMB1.8 million, RMB5.7 million, and RMB4.2 million as at 31 December 2016, 2017 and 2018 and 31 May 2019, respectively. Upon the application of IFRS 16, the overall net asset was lowered by approximately RMB0.1 million, RMB0.1 million, RMB0.2 million and RMB0.1 million as at 31 December 2016, 2017 and 2018 and 31 May 2019, respectively. In addition, the application of new requirements did result in changes in measurement, presentation and disclosure as indicated above. Taking into account the impact disclosed above, our Directors are of the view that the adoption of IFRS 16 did not have any significant impact on our financial position and performance compared to the requirements of IAS 17 during the Track Record Period.

The adoption of IFRS 9 and IFRS 15 did not have significant impact on our financial position and performance compared to the requirements of IAS 39 and IAS18 during the Track Record Period.

Revenue recognition

Our revenue is recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may transfer over time or at a point in time.

Control of the goods or service is transferred over time if our performance: (i) provides all of the benefits received and consumed simultaneously by the customer; (ii) creates and enhances an asset that the customer controls as we perform; or (iii) does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

The following is a description of the accounting policy for our principal revenue streams.

- *Data solutions*. Revenue from rendering data solutions is recognised when we have provided the promised service. The performance obligation is satisfied over time which is usually within one year with reference to our inputs to the satisfaction of the performance obligation of the projects.

- *Sales of hardware and software and related services as an integrated service*. Revenue from rendering the sales of hardware and software and related services (including self-developed software products) is recognised at a point when the sales and the related services are completed without further unfulfilled obligation. It is accounted for as a single performance obligation since we provide an integrated service.

- *IT maintenance and support services*. Revenue from such services is recognised in the accounting period when we provide the service and all of the benefits are received and consumed simultaneously by the customer throughout the contract period. Thus, we satisfy a performance obligation and recognise revenue over time with reference to the actual service period passed relative to the total contract period and we have present right to payment.

Please refer to Note 2.23 of the Accountant's Report included in Appendix I to this prospectus for further details on the accounting policy of revenue recognition.

Research and development expenditures

We recognised costs associated with our research and development as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by us are recognised as intangible assets when the following criteria are met: (i) it is technically feasible to complete the software so that it will be available for use, (ii) our management intends to complete the software and use or sell it, (iii) there is an ability to use or sell the software, (iv) it can be demonstrated how the software will generate probable future economic benefits, (v) adequate technical, financial, and other resources to complete the development, and to use or sell the software product are available, and (vi) the expenditure attributable to the software during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised as an expense as incurred. We have no development costs meeting these criteria and capitalised as intangible assets during the Track Record Period.

Our development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Our capitalised development costs are amortised from the point at which the assets are ready for use on a straight-line basis over their useful lives.

Provision for impairment of trade receivables, contract assets and other financial assets at amortised cost

We follow the guidance of IFRS 9 to determine when trade receivables, contract assets and other financial assets at amortised cost are impaired. This determination requires significant judgment and estimation. In making this judgment and estimation, we evaluate, among other factors, the duration of receivables and the financial health collection history of individual debtors and expected future change of credit risks, including the consideration of factors such as general economy measure and changes in macroeconomic indicators.

Current and deferred income taxes

We are subject to income taxes in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

For temporary differences which give rise to deferred tax assets, we assess the likelihood that the deferred income tax assets could be recovered. Deferred tax assets are recognised based on the our estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

Useful lives of property and equipment, intangible assets and right-of-use assets

Our management determines the estimated useful lives, and related depreciation expense for its property and equipment, intangible assets and right-of-use assets. This estimate is based on the historical experience of the actual useful lives of property and equipment, intangible assets and right-of-use assets of similar nature and functions. Our management will increase the depreciation expenses where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual Period review could result in a change in depreciable lives and therefore depreciation expense in future periods.

RESULTS OF OPERATIONS

The following table sets forth our consolidated income statement data for the periods indicated derived from our consolidated statements of comprehensive income set out in the Accountant's Report included in Appendix I to this prospectus.

	FY2016	FY2017	FY2018	FP2018	FP2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	170,404	139,386	185,549	41,254	67,790
Cost of sales	(131,631)	(92,925)	(122,472)	(28,080)	(39,202)
Gross profit	38,773	46,461	63,077	13,174	28,588
Selling expenses	(5,765)	(4,945)	(8,739)	(2,985)	(5,104)
Administrative expenses	(9,756)	(11,415)	(19,218)	(5,216)	(16,897)
Research and development expenses	(7,081)	(7,593)	(10,757)	(3,189)	(6,530)
Other income	424	1,905	3,526	2,356	1,809
Other gains/(losses), net	142	758	2,182	834	14
Operating profit	16,737	25,171	30,071	4,974	1,880
Finance income	28	60	662	110	71
Finance costs	(1,193)	(1,640)	(3,561)	(745)	(1,880)
Finance costs, net	(1,165)	(1,580)	(2,899)	(635)	(1,809)
Share of loss of an associate	—	—	—	—	(179)
Profit/(loss) before income tax	15,572	23,591	27,172	4,339	(108)
Income tax expense	(2,043)	(2,714)	(4,529)	(545)	(1,176)
Profit/(loss) for the year/period	13,529	20,877	22,643	3,794	(1,284)
Attributable to:					
Owners of the Company	13,572	20,765	23,156	4,059	(1,284)
Non-controlling interest	(43)	112	(513)	(265)	—
	13,529	20,877	22,643	3,794	(1,284)
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss:					
– Currency translation differences	310	(374)	275	28	(166)
Total comprehensive income/(loss) for the year/period, net of tax	13,839	20,503	22,918	3,822	(1,450)
Total comprehensive income/(loss) for the year/period attributable to					
Owners of the Company	13,882	20,391	23,431	4,087	(1,450)
Non-controlling interests	(43)	112	(513)	(265)	—
	13,839	20,503	22,918	3,822	(1,450)

Non-IFRS Financial Measures

We use the non-IFRS financial measures of adjusted profit (excluding non-recurring items that were not incurred or recognised repeatedly over the Track Record Period) and adjusted net profit margin to provide additional information about our operating performance. Please refer to the paragraph headed "— Financial Ratios" in this section for further disclosure on the adjusted net profit margin. We believe that these non-IFRS financial measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across the Track Record Period.

The following table sets forth a reconciliation between our profit/(loss) and adjusted profit for the year/period:

	FY2016	FY2017	FY2018	FP2018	FP2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit/(loss) for the year/period	13,529	20,877	22,643	3,794	(1,284)
Add: Listing expenses[(1)]	—	—	4,975	—	6,115
Adjusted profit for the year/period	13,529	20,877	27,618	3,794	4,831

Note:

(1) Listing expenses are tax non-deductible.

Adjusted profit for the year/period is not a financial measure under the IFRS and is presented to provide information for evaluation and comparison of our financial results during the Track Record Period.

Although the non-IFRS financial measures are reconcilable to the line items in the consolidated financial statements, they should not be considered to be comparable to items in the consolidated financial statements in accordance with the IFRS. These measures may not be comparable to other similarly titled measures used by other companies.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Our total revenue decreased by RMB31.0 million, or by 18.2%, from RMB170.4 million for FY2016 to RMB139.4 million for FY2017, and increased by RMB46.2 million or by 33.1%, to RMB185.6 million, in FY2018. It increased by 64.3% from RMB41.3 million for FP2018 to RMB67.8 million for FP2019.

During the Track Record Period, we generated revenue primarily from (i) our data solutions, (ii) our sale of hardware and software and related services as an integrated service, and (iii) our IT maintenance and support services. The following table sets out a breakdown of our revenue generated from each stream for the periods indicated.

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000* (unaudited)	*% of revenue*	*RMB'000*	*% of revenue*
Data solutions										
Analytics solutions	25,553	15.0	29,660	21.3	80,386	43.3	8,793	21.3	28,668	42.3
Data infrastructure solutions	25,912	15.2	9,909	7.1	6,310	3.4	2,494	6.0	13,182	19.5
Sub-total	51,465	30.2	39,569	28.4	86,696	46.7	11,287	27.3	41,850	61.8
Sales of hardware and software and related services as an integrated service	86,970	51.0	70,877	50.8	60,851	32.8	14,551	35.3	12,908	19.0
IT maintenance and support services	31,969	18.8	28,940	20.8	38,002	20.5	15,416	37.4	13,032	19.2
Total	170,404	100.0	139,386	100.0	185,549	100.0	41,254	100.0	67,790	100.0

(i) Data solutions

The revenue generated from our data solutions decreased by RMB11.9 million, or by 23.1%, from RMB51.5 million for FY2016 to RMB39.6 million for FY2017, and increased by RMB47.1 million, or by 119.1%, to RMB86.7 million for FY2018. It increased by 270.8% from RMB11.3 million for FP2018 to RMB41.9 million for FP2019. According to the F&S Report, the market size of the big data and AI solution industry in the PRC increased at the CAGR of approximately 79.0% from RMB42.9 billion for 2016 to RMB137.5 billion for 2018. Having excluded the one-off data infrastructure project rendered to a bank for setting up a data warehouse in FY2016 with the revenue contribution of RMB21.9 million, our revenue increased at the CAGR of approximately of 71.1% from RMB29.6 million for FY2016 to RMB86.7 million for FY2018, which was generally in line with the market growth in the big data and AI solution industry in the PRC from FY2016 to FY2018. Furthermore, we have experienced a slightly outpaced growth at approximately 119.1% from RMB39.6 million for FY2017 to RMB86.7 million for FY2018, compared to the market growth rate of approximately 100.7% from RMB68.5 billion for 2017 to RMB137.5 billion for 2018. Our Directors are of the view that our revenue growth from FY2017 to FY2018 from FY2017 to

FY2018 was mainly because our Group successfully expanded into Beijing market in FY2017 and the revenue from end users of our data solutions in Beijing increased in FY2018. Specifically:

- *Analytics solutions*

  Revenue generated from analytics solutions increased by RMB4.1 million, or by 16.1%, from RMB25.6 million for FY2016 to RMB29.7 million for FY2017, and further increased by RMB50.7 million, or by 171.0%, to RMB80.4 million for FY2018 as compared to FY2017. It increased by RMB19.9 million, or by 226.1%, from RMB8.8 million for FP2018 to RMB28.7 million for FP2019.

  The increase in FY2017 as compared to FY2016 was mainly due to our strategic efforts to increase our market share in the financial industry, including mainly banks and financial institutions, which increased our revenue generated from banks and financial institutions from RMB7.4 million for FY2016 to RMB19.6 million for FY2017.

  The significant increase in FY2018 as compared to FY2017 was mainly because of the increase in our revenue generated from banks and financial institutions from RMB19.6 million for FY2017 to RMB50.1 million for FY2018 as (i) our services and abilities were well recognised by the customers and we further expanded our analytics solution offerings among existing customers in FY2018; and (ii) we have successfully expanded into Beijing market in FY2017 and recorded revenue growth from end users of our data solutions in Beijing.

  The revenue growth in FP2019 as compared to FP2018 was mainly because of the increase in our revenue generated from banks and financial institutions from RMB6.9 million for FP2018 to RMB23.3 million for FP2019. In particular, we recorded revenue of RMB11.1 million generated from the provision of various analytics solution projects to a commercial bank, Customer B, one of our five largest customers in FP2019.

- *Data infrastructure solutions*

  Revenue generated from our data infrastructure solutions decreased by RMB16.0 million, or by 61.8%, from RMB25.9 million for FY2016 to RMB9.9 million for FY2017, and further decreased by RMB3.6 million, or by 36.3%, to RMB6.3 million for FY2018 as compared to FY2017. This was primarily due to the decrease in total contract sum despite the general increase in number of completed contracts during FY2016 to FY2018.

  The decrease in FY2017 as compared to FY2016 were primarily because we completed a data infrastructure solution project for setting up data warehouse for a bank which contributed RMB21.9 million to our revenue for FY2016 and no data infrastructure project of similar or larger size occurred in FY2017.

The decrease in FY2018 as compared to FY2017 was primarily because of a data infrastructure solution project for setting up data warehouse for a telecom operator which contributed RMB2.3 million to our revenue for FY2017 and no data infrastructure project of similar or larger size occurred in FY2018.

Subsequently, the revenue generated from our data infrastructure solution increased from RMB2.5 million for FP2018 to RMB13.2 million for FP2019, primarily due to two relatively large size data infrastructure solution projects amounting to RMB5.1 million and RMB4.4 million, respectively, that we provided for Customer M and Customer N, two of our five largest customers for FP2019. No data infrastructure project of similar or larger size occurred in FP2018.

(ii) Sales of hardware and software and related services as an integrated service

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Sales of SAS software products	20,780	23.9	15,060	21.2	16,950	27.9	6,538	44.9	4,119	31.9
Sales of self-developed software products	3,599	4.1	16,412	23.2	13,883	22.8	1,793	12.3	7,422	57.5
Sales of other third party software products	923	1.1	—	—	3,032	5.0	21	0.2	191	1.5
Sales of hardware products	61,668	70.9	39,405	55.6	26,986	44.3	6,199	42.6	1,176	9.1
Total	86,970	100.0	70,877	100.0	60,851	100.0	14,551	100.0	12,908	100.0

Our installation, maintenance and support services were provided alongside with such sales of hardware and software products.

Revenue from sales of hardware and software and related services as an integrated service decreased by RMB16.1 million, or by 18.5%, from RMB87.0 million for FY2016 to RMB70.9 million for FY2017, and further decreased by RMB10.0 million, or by 14.1%, to RMB60.9 million for FY2018 as compared to FY2017. It decreased by RMB1.7 million, or by 11.6%, from RMB14.6 million for FP2018 to RMB12.9 million for FP2019.

The decrease in FY2017 as compared to FY2016 was primarily attributable to (i) a decrease of RMB22.3 million in revenue generated from sales of hardware products, which was mainly due to less customers with purchases of over RMB1.0 million in FY2017 as compared to FY2016, and (ii) a decrease of RMB5.7 million in revenue generated from sales of SAS software products, which was mainly due to a large sales to a new customer engaged in the provision of IT services contributing RMB4.3 million to our revenue in FY2016, and no comparable sales of similar or larger size occurred in FY2017.

The decrease in FY2018 as compared to FY2017 was primarily attributable to a decrease of RMB12.4 million in revenue generated from sales of hardware products, which was mainly due to a large sales to Customer A in FY2017, and no comparable sales of similar or larger size occurred in FY2018.

Subsequently, the revenue contributed from sales of hardware and software and related services as an integrated service decreased from RMB14.6 million for FP2018 to RMB12.9 million for FP2019. This was mainly attributable to (i) the decrease in sales of SAS software products from RMB6.5 million for FP 2018 to RMB4.1 million for FP2019, which was primarily due to sales of SAS software products of RMB2.8 million to Customer D for FP2018, and no comparable sales of similar or larger size occurred in FP2019; and (ii) the decrease in the sales of hardware products from RMB6.2 million for FP2018 to RMB1.2 million for FP2019, which was primarily due to less customers with purchases of over RMB1.0 million in FP2019 as compared to FP2018, which were offset by the increase in the sales of self-developed software products from RMB1.8 million for FP2018 to RMB7.4 million for FP2019.

Since we have been gradually focusing on provision of data solutions to leverage our technological capabilities and to capture industry growth momentum, the sales of hardware and software and related services as an integrated service decreased accordingly during the Track Record Period.

(iii) IT maintenance and support services

Revenue generated from IT maintenance and support services decreased by RMB3.0 million, or by 9.5%, from RMB32.0 million for FY2016 to RMB28.9 million for FY2017, but it increased by RMB9.1 million, or by 31.3%, to RMB38.0 million for FY2018 as compared to FY2017.

The decrease in FY2017 as compared to FY2016 was primarily because less IT maintenance and support services were provided to Customer C, the revenue contribution of which decreased from RMB11.2 million for FY2016 to RMB7.4 million for FY2017.

The increase in FY2018 as compared to FY2017 was primarily because more IT maintenance and support services were provided to the same customer mentioned above, the revenue contribution of which increased from RMB7.4 million for FY2017 to RMB12.1 million for FY2018.

The decrease in FP2019 as compared to FP2018 was primarily because less IT maintenance and support services were provided to the same customer mentioned above, the revenue contribution of which decreased from RMB6.4 million for FP2018 to RMB1.9 million for FP2019, which was offset by the increased revenue generated from other customers for FP2019.

Revenue from Intermediaries

The following table sets out the breakdown of our revenue generated from services provided to end users and intermediaries during the Track Record Period:

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000* (unaudited)	*% of revenue*	*RMB'000*	*% of revenue*
End users	143,141	84.0	126,541	90.8	149,097	80.4	35,789	86.8	61,697	91.0
Intermediaries	27,263	16.0	12,845	9.2	36,452	19.6	5,465	13.2	6,093	9.0
Total	170,404	100.0	139,386	100.0	185,549	100.0	41,254	100.0	67,790	100.0

Our revenue generated from our intermediaries decreased by RMB14.4 million, or by 52.9%, from RMB27.3 for FY2016 to RMB12.8 million for FY2017, primarily attributed to a decrease in revenue generated from provision of data solutions as a subcontractor in FY2017 as compared to FY2016. Our revenue generated from intermediaries increased by RMB23.7 million, or by 183.8%, from RMB12.8 million for FY2017 to RMB36.5 million for FY2018, primarily attributed to the revenue generated from provision of data solutions as a subcontractor to a customer which contributed RMB18.5 million to our revenue for FY2018 and no project rendered to any intermediary with similar or larger size occurred in FY2017. Our revenue generated from intermediaries remained relatively stable at RMB5.5 million for FP2018 and RMB6.1 million for FP2019.

Revenue by the industry sector of end users of our solutions and services

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000* (unaudited)	*% of revenue*	*RMB'000*	*% of revenue*
Data solution	51,465	30.2	39,569	28.4	86,696	46.7	11,287	27.3	41,850	61.8
— Financial	*31,785*	*18.7*	*23,833*	*17.1*	*54,292*	*29.3*	*8,476*	*20.5*	*31,165*	*46.0*
— Non-financial(1)	*19,680*	*11.5*	*15,736*	*11.3*	*32,404*	*17.5*	*2,811*	*6.9*	*10,685*	*15.8*
Sales of hardware and software and related services as an integrated service	86,970	51.0	70,877	50.8	60,851	32.8	14,551	35.3	12,908	19.0
— Financial	*61,792*	*36.2*	*47,286*	*33.9*	*27,261*	*14.7*	*7,498*	*18.2*	*6,391*	*9.4*
— Non-financial(1)	*25,178*	*14.8*	*23,591*	*16.9*	*33,590*	*18.1*	*7,053*	*17.0*	*6,517*	*9.6*
IT maintenance and support services	31,969	18.8	28,940	20.8	38,002	20.5	15,416	37.4	13,032	19.2
— Financial	*7,420*	*4.4*	*7,556*	*5.4*	*9,058*	*4.9*	*3,401*	*8.2*	*5,094*	*7.5*
— Non-financial(1)	*24,549*	*14.4*	*21,384*	*15.3*	*28,944*	*15.6*	*12,015*	*29.2*	*7,938*	*11.7*
Total	170,404	100.0	139,386	100.0	185,549	100.0	41,254	100.0	67,790	100.0

Note:

(1) Non-financial sector mainly includes IT and telecommunications industry and manufacturing industry.

For our data solutions business, we have strategically focused on the PRC financial industry. During the Track Record Period, over 50% of our revenue generated from our data solutions were from end users in the financial sector. A considerable portion of our revenue for sales of hardware and software and related services as an integrated services was contributed from end users in financial sector. As our IT maintenance and support services served corporations in various industries, the majority of our revenue for IT maintenance and support services was generated from end users in the non-financial sector.

Revenue by geographic location for end users of our solutions and services

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Guangdong	141,795	83.2	123,419	88.5	110,433	59.5	27,042	65.6	39,249	57.9
Beijing	7,835	4.6	11,982	8.6	50,471	27.2	7,726	18.7	11,412	16.8
Hong Kong	6,208	3.6	1,258	0.9	6,256	3.4	4,090	9.9	5,554	8.2
Shanghai	4,896	2.9	1,305	0.9	296	0.2	184	0.5	5,990	8.9
Others[(1)]	9,670	5.7	1,422	1.1	18,093	9.7	2,212	5.3	5,585	8.2
Total	170,404	100.0	139,386	100.0	185,549	100.0	41,254	100.0	67,790	100.0

Note:

(1) Others include mainly Jiangsu, Shandong and Hainan.

During the Track Record Period, our business operations were mainly located in Shenzhen, Guangdong Province and Beijing, and we mainly established business relationships with customers located in proximity to our operations, such as local branches and/or head offices of national banks and financial institutions that were located in Guangdong Province and Beijing. Therefore, our revenue was mainly contributed by end users of our services in Guangdong Province and Beijing during the Track Record Period. In particular, the majority of our revenue was generated from end users of our services in Guangdong Province. Moreover, the proportion of our revenue generated from Beijing has been increased progressively from 4.6% for FY2016 to 27.2% for FY2018. The revenue generated from Shanghai increased significantly from RMB0.2 million for FP2018 to RMB6.0 million for FP2019, which was mainly due to the revenue of RMB5.9 million generated from our solution and service provided to Customer L, one of our five largest customers for FP2019 that is located in Shanghai.

Cost of Sales

Our cost of sales comprises primarily material costs, subcontracting service fee, employee benefit expenses, amortisation, travelling and others. The following table sets forth the components of cost of sales for the periods indicated.

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Material costs	91,146	69.2	56,178	60.5	53,043	43.3	14,622	52.1	5,828	14.8
Subcontracting service fee	19,110	14.5	7,831	8.4	36,950	30.2	2,765	9.8	16,570	42.3
Employee benefit expenses	20,257	15.4	26,342	28.3	30,071	24.6	10,024	35.7	15,869	40.5
Amortisation	213	0.2	1,001	1.1	745	0.6	338	1.2	—	—
Travelling	415	0.3	704	0.8	640	0.5	79	0.3	356	0.9
Others	490	0.4	869	0.9	1,023	0.8	252	0.9	579	1.5
	131,631	100.0	92,925	100.0	122,472	100.0	28,080	100.0	39,202	100.0

Our cost of sales accounted for 77.2%, 66.7%, 66.0%, 68.1% and 57.8% of our overall revenue for FY2016, FY2017, FY2018, FP2018 and FP2019, respectively. Material costs include mainly hardware and software procurement costs in relation to our sales of hardware and software and related services as an integrated service, and data infrastructure services. Subcontracting service fee comprises primarily service fees paid or payable to our subcontractors. Our subcontracting service fee significantly decreased from RMB19.1 million for FY2016 to RMB7.8 million for FY2017 mainly attributable to (i) the decease in subcontracting service fee associated with the provision of data solutions to certain customers in the non-financial sector in FY2017 due to the decrease in demands of these customers; and (ii) we used more subcontracting services for the provision of IT maintenance and support services to customers in FY2016. Our subcontracting service fee increased from RMB7.8 million for FY2017 to RMB37.0 million for FY2018, mainly attributable to our revenue growth generated from the end users of our data solutions in Beijing for FY2018 compared to FY2017. Due to the relatively small scale of our operation in Beijing, we used more subcontracting services to serve the customers in Beijing. It further increased from RMB2.8 million for FP2018 to RMB16.6 million for FP2019, which was mainly due to our increasing number of data solution projects in FP2019. Please refer to the section headed "Business — Our Suppliers — Subcontracting" in this prospectus for further disclosure on the circumstances under which we generally outsource our services. Employee benefit expenses consist primarily of salaries, bonus and benefit expenses for our technical personnel. Amortisation are primarily related to software used for rendering our services. Travelling expenses represent primarily costs of transportation incurred for rendering our services. Others include miscellaneous costs for rendering our services.

Our cost of sales decreased from RMB131.6 million for FY2016 to RMB92.9 million for FY2017, primarily attributable to a decrease in the material costs, which was in turn mainly due to our decreased sales of hardware and software and related services as an integrated service in FY2017.

Our cost of sales increased from RMB92.9 million for FY2017 to RMB122.5 million for FY2018, primarily attributable to our increased subcontracting service fee. Such increase in our subcontracting fee in FY2018 was primarily due to our increased projects for our data solutions.

Our cost of sales increased from RMB28.1 million for FP2018 to RMB39.2 million for FP2019. This was primarily attributable to the increase in our subcontracting services fee and employee benefit expenses by RMB19.7 million as our data solution business increased in FP2019 as compared to FP2018, which was offset by our decrease in material costs by RMB8.8 million in FP2019 as compared to FP2018 as our projects demanded less software and hardware products during FP2019.

Gross Profit and Gross Profit Margin

Our total gross profit represents our total revenue less total cost of sales. Our total gross profit margin represents our gross profit as a percentage of total revenue. Our total gross profit increased from RMB38.8 million for FY2016 to RMB46.5 million for FY2017, further to RMB63.1 million for FY2018. Similarly, our gross profit increased from RMB13.2 million for FP2018 to RMB28.6 million for FP2019. These were in line with the increase of our total revenue as further explained below.

Our overall gross profit margin increased from 22.8% for FY2016 to 33.3% for FY2017 and further increased to 34.0% for FY2018, primarily attributable to the general increase of the gross profit margins of our revenue streams. It increased from 31.9% for FP2018 to 42.2% for FP2019. The following table sets forth our gross profit and gross profit margin by revenue streams for the periods indicated.

	FY2016		FY2017		FY2018		FP2018		FP2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Data solutions										
Analytics solutions	6,772	26.5	9,607	32.4	30,115	37.5	3,566	40.6	10,963	38.2
Data infrastructure solutions. . .	5,528	21.3	3,842	38.8	2,264	35.9	694	27.8	5,427	41.2
Sub-total	12,300	23.9	13,449	34.0	32,379	37.3	4,260	37.7	16,390	39.2
Sales of hardware and software and related services as an integrated service	16,756	19.3	22,066	31.1	18,779	30.9	3,286	22.6	7,683	59.5
IT maintenance and support services	9,717	30.4	10,946	37.8	11,919	31.4	5,628	36.5	4,515	34.6
Total	38,773	22.8	46,461	33.3	63,077	34.0	13,174	31.9	28,588	42.2

(i) Data solutions

Our gross profit generated from our data solutions increased from RMB12.3 million for FY2016 to RMB13.4 million for FY2017, and further to RMB32.4 million for FY2018. This was primarily driven by the increasing trend of the gross profit of the analytics solutions from RMB6.8 million for FY2016 to RMB30.1 million for FY2018, which was partially offset by the decreasing trend of the gross profit generated from the data infrastructure solutions from RMB5.5 million for FY2016 to RMB2.3 million for FY2018. It increased from RMB4.3 million for FP2018 to RMB16.4 million for FP2019, which was in line with the increase in revenue generated from our data solutions for FP2019 as compared to FP2018.

The gross profit margin of our data solutions increased from 23.9% for FY2016 to 34.0% for FY2017 and further to 37.3% for FY2018, mainly attributable to the increasing proportion of the gross profit generated from our analytic solutions from FY2016 to FY2018 and the increasing gross profit margin of our analytics solutions from 26.5% for FY2016 to 37.5% for FY2018. Subsequently, the gross profit margin remained relatively stable at 37.7% for FP2018 and 39.2% for FP2019.

- *Analytics solutions*

The gross profit of our analytics solutions was RMB6.8 million for FY2016, RMB9.6 million for FY2017 and RMB30.1 million for FY2018, respectively, and the related gross profit margin was 26.5% for FY2016, 32.4% for FY2017 and 37.5% for FY2018, respectively. Such progressive increasing trend in the gross profit and the gross profit margin of our analytic solutions from FY2016 to FY2018 was primarily attributable to: (i) our relatively low revenue base and fewer projects in FY2016 and FY2017 as we had been gradually expanding our market shares and strengthening our effort to attract and retain more customers; and (ii) our increased contract price and revenue base in FY2018 as our competitiveness and bargaining power had gradually increased. The gross profit increased from RMB3.6 million for FP2018 to RMB11.0 million for FP2019, which was generally in line with the increase in our revenue for FP2019 as compared to FP2018. The gross profit margin remained relatively stable at 40.6% for FP2018 as compared to 38.2% for FP 2019.

- *Data infrastructure solutions*

The gross profit of our data infrastructure solutions decreased from RMB5.5 million for FY2016 to RMB3.8 million for FY2017, and further decreased to RMB2.3 million for FY2018. This is in line with the decreasing trend of revenue generated from our data infrastructure solutions during the Track Record Period. It increased from RMB0.7 million for FP2018 to RMB5.4 million for FP2019, which was generally in line with the increase in our revenue for FP2019 as compared to FP2018.

The gross profit margin of our data infrastructure solutions increased from 21.3% for FY2016 to 38.8% for FY2017. Such significant increase in the gross profit margin from FY2016 to FY2017 was primarily attributable to the relatively low gross profit margin of 21.0% for the one-off data infrastructure project rendered to a bank for setting up the data warehouse in FY2016 with revenue and gross profit contribution of RMB21.9 million and RMB4.6 million for FY2016, respectively, representing 84.5% and 83.4% of our revenue and gross profit generated from this revenue stream for FY2016. The gross profit margin of our data infrastructure solutions remained relatively stable at 38.8% for FY2017 and 35.9% for FY2018. It increased from 27.8% for FP2018 to 41.2% for FP2019, which was mainly due to two relatively large size data infrastructure solution projects amounting to RMB5.1 million and RMB4.4 million, respectively, that we provided to Customer M and Customer N, which in generally have higher gross profit margins of 39.0% and 44.5%, respectively, as compared to the average gross profit margin of data infrastructure solutions of 27.8% in FP2018.

(ii) Sales of hardware and software and other related services as an integrated service

Our gross profit generated from the sales of hardware and software and related services as an integrated service increased from RMB16.8 million for FY2016 to RMB22.1 million for FY2017, but decreased to RMB18.8 million for FY2018, and the related gross profit margin increased from 19.3% for FY2016 to 31.1% for FY2017, and slightly decreased to 30.9% for FY2018. Our gross profit generated from the sales of hardware and software and related services as an integrated service increased from RMB3.3 million for FP2018 to RMB7.7 million for FP2019. This fluctuation was primarily due to our significant increase in the sales of our self-developed software products, which have high gross profit margin of over 90% with revenue contribution of RMB16.4 million and RMB13.9 million for FY2017 and FY2018, respectively. It significantly increased from RMB1.8 million for FP2018 to RMB7.4 million for FP2019. The proportion of revenue generated from the sales of our self-developed software products in the total revenue from the sales of hardware and software and other related services as an integrated services increased from 4.1% in FY2016 to 23.2% and 22.8% in FY2017 and FY2018, respectively. It increased from 12.3% for FP2018 to 57.5% for FP2019.

The high gross profit margin of our self developed software products was because the development costs of our self-developed software products had been expensed in prior year, and we only incurred relatively minimal labour costs for rendering pre-sale services and basic installations in relation to sales of such products.

(iii) IT maintenance and support services

Our gross profit generated from IT maintenance and support services progressively increased from RMB9.7 million for FY2016 to RMB10.9 million for FY2017, and further to RMB11.9 million for FY2018, primarily attributable to the general increasing trend of our revenue generated from this revenue stream. Our gross profit generated from IT maintenance and support services decreased from RMB5.6 million for FP2018 to RMB4.5 million for FP2019, which was generally in line with the decrease in revenue generated from our IT maintenance and support services in the respective periods. The lower gross profit margin of our IT maintenance and support services for FY2016 and FY 2018 as compared to that for FY 2017 was mainly attributable to our use of more subcontracting services for the provision of IT maintenance and support services to our customers in FY2016 and FY2018. The gross profit margin of subcontracting arrangements is typically lower than that of deploying our own staff. Please refer to the section headed "Business — Suppliers — Subcontracting" for further disclosure on our subcontracting arrangements. The gross profit margin of IT maintenance and support services remained relatively stable at 36.5% for FP2018 and 34.6% for FP2019.

Selling Expenses

Selling expenses consist primarily of employee benefit expenses, promotion and marketing expenses, entertainment expenses, travelling expenses, office expenses, depreciation and others. The following table sets out the breakdown of selling expenses for the periods indicated:

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Employee benefit expenses	3,504	60.8	2,525	51.1	3,872	44.3	1,408	47.2	2,388	46.9
Promotion and marketing expenses	783	13.6	1,021	20.6	2,661	30.4	890	29.8	1,829	35.8
Entertainment	538	9.3	731	14.8	1,247	14.3	374	12.5	526	10.3
Travelling	484	8.4	408	8.3	625	7.2	219	7.3	215	4.2
Office expenses	258	4.5	158	3.2	281	3.2	59	2.0	135	2.6
Depreciation	5	0.1	17	0.3	24	0.3	8	0.3	9	0.2
Others	193	3.3	85	1.7	29	0.3	27	0.9	2	0.0
	5,765	100.0	4,945	100.0	8,739	100.0	2,985	100.0	5,104	100.0

Employee benefit expenses consist primarily of salaries, bonus and benefits for our sales and marketing personnel. Promotion and marketing expenses consist primarily of fees associated with expenses incurred in relation to activities for our business development and client relationship development. Entertainment expenses consist primarily of expenses incurred for attending business meetings and conferences in relation to our sales and marketing activities, as well as reception expenses. Travelling expenses consist primarily of travel and transportation expenses incurred in relation to our sales and marketing activities. Office expenses are related primarily to our sales and marketing activities. Depreciation are related primarily to property and equipment used for selling and marketing activities. Others include primarily costs for sponsoring seminars, events or conferences as well as miscellaneous expenses incurred in relation to advertisement and campaigns for promoting our business.

Our selling expenses decreased from RMB5.8 million for FY2016 to RMB4.9 million for FY2017, primarily due to a decrease in the employee benefit expenses of RMB1.0 million as we streamlined our sales force in FY2017.

Our selling expenses increased from RMB4.9 million for FY2017 to RMB8.7 million for FY2018, primarily attributable to: (i) an increase in employee benefit expenses mainly as a result of the expansion of our sales network and our efforts to strengthen our sales and marketing team; and (ii) an increase in promotion and marketing expenses as we increased our sales and marketing activities.

Our selling expenses increased from RMB3.0 million for FP2018 to RMB5.1 million for FP2019, which was mainly due to (i) the increase in employee benefit expenses from RMB1.4 million for FP2018 to RMB2.4 million for FP2019 as a result of our efforts to strengthen our sales and marketing team; and (ii) the increase of promotion and marketing expenses from RMB0.9 million to RMB1.8 million as we increased our sales and marketing activities.

For FY2016, FY2017 and FY2018, our selling expenses accounted for 3.4%, 3.5% and 4.7% of our total revenue for the same periods, respectively. For FP2018 and FP2019, our selling expenses accounted for 7.2% and 7.5% of our total revenue of the respective periods.

Administrative Expenses

Our administrative expenses consist primarily of employee benefit expenses, listing expenses, operating lease rental payments, office expenses, other taxes, legal and professional fees, depreciation and amortisation, travelling and entertainment expenses, provision for impairment of trade receivables, share based compensation expenses, and others. The following table sets out the breakdown of administrative expenses for the periods indicated:

	FY2016		FY2017		FY2018		Five months ended 31 May			
							2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Employee benefit expenses	4,121	42.2	6,015	52.7	6,532	34.0	2,285	43.8	3,791	22.4
Listing expenses	—	—	—	—	4,975	25.9	—	—	6,115	36.2
Operating lease rental payments	107	1.1	200	1.7	326	1.7	78	1.5	40	0.2
Office expenses	1,163	11.9	1,033	9.0	1,396	7.3	585	11.2	319	1.9
Other taxes	585	6.0	1,113	9.8	1,066	5.5	222	4.3	235	1.4
Legal and professional fees (including auditor's remuneration)	1,760	18.0	1,045	9.2	1,015	5.3	251	4.8	997	5.9
Depreciation and amortisation	1,084	11.2	1,552	13.6	2,995	15.5	889	17.1	1,404	8.3
Travelling	84	0.9	129	1.1	146	0.8	62	1.2	35	0.2
Entertainment	37	0.4	101	0.9	132	0.7	31	0.6	45	0.3
Provision for impairment of trade receivables	404	4.1	75	0.7	142	0.7	769	14.7	767	4.5
Share based compensation expenses — non-employee	—	—	—	—	—	—	—	—	2,432	14.4
Others	411	4.2	152	1.3	493	2.6	44	0.8	717	4.3
	9,756	100.0	11,415	100.0	19,218	100.0	5,216	100.0	16,897	100.0

Employee benefit expenses consist primarily of salaries, bonus and benefit expenses for our human resources, finance and administration personnel. Listing expenses consist primarily of costs and professional fees incurred for the Share Offer. Operating lease rental expenses consist primarily of rental payments for our office premises in Shenzhen and Beijing. Office expenses consisted primarily of business administrative expenses, postal fees, utility and staff training and recruitment expenses. Other taxes consist primarily of urban maintenance and construction tax as well as education surcharge. Legal and professional fees consist primarily of legal and professional fees incurred in relation to feasibility of listing of our Group as well as the listing and maintaining our listing status on the NEEQ. Depreciation and amortisation are related primarily to office property, equipment and intangible assets used for administrative purposes. Travelling and entertainment expenses consist primarily of communications and reception expenses incurred for administrative purposes. During the Reorganisation, a Pre-IPO Investor acquired 6% equity interest of a subsidiary of our Group in January 2019 for a cash consideration of approximately RMB4,167,000. The excess of fair value of the equity interests issued as of the issuance date over the cash consideration received amounted to RMB2,432,000, representing the unidentifiable services to be received by our Group (i.e. the strategic benefits that such Pre-IPO Investor brings to us). According to IFRS 2 para 13A, the unidentifiable goods or services received will be measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received. Such difference was directly charged to the administrative expenses for the period ended 31 May 2019 given there are no vesting conditions existed for this equity acquisition.

Our administrative expenses generally increased from RMB9.8 million for FY2016 to RMB11.4 million for FY2017, and it further increased to RMB19.2 million for FY2018. Such increases were primarily attributable to: (i) a general increasing trend of our employee benefit expenses of our administrative staff during the Track Record Period for our expanded business; (ii) the listing expenses incurred for the Share Offer in FY2018; and (iii) the increase in operating lease rental payments during the Track Record Period as we rented more space for our expanded operations, partially offset by a decrease in legal and professional fees in FY2017 as compared with FY2016 as we completed our then listing on the NEEQ in FY2016. It increased from RMB5.2 million for FP2018 to RMB16.9 million for FP2019, which was mainly due to (i) the increase in employee benefit expenses of our administrative staff from RMB2.3 million for FP2018 to RMB3.8 million for FP2019 as a result of the expansion of our administrative team; (ii) the listing expenses incurred in connection with the Share Offer amounting to RMB6.1 million for FP2019; and (iii) share based compensation expenses — non-employee amounting to RMB2.4 million in relation to the excess of fair value of the equity interests issued by Suoxinda Shenzhen to a Pre-IPO Investor during the Reorganisation over the cash consideration received as at the issuance date in January 2019. For FY2016, FY2017 and FY2018, our administrative expenses accounted for 5.7%, 8.2% and 10.4% of our total revenue for the same periods, respectively. For FP2018 and FP2019, our administrative expenses accounted for 12.6% and 24.9% of our total revenue for the respective periods.

Research and Development Expenses

Research and development expenses consist primarily of employee benefit expenses, consulting fee, depreciation and amortisation, travelling and others. The following table sets forth the components of research and development expenses for the periods indicated.

	FY2016		FY2017		FY2018		FP2018		FP2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Employee benefit expenses	4,812	68.0	5,463	71.9	5,730	53.3	1,946	61.0	2,653	40.6
Consulting service fee	—	—	—	—	1,910	17.8	420	13.2	—	—
Depreciation and amortisation	1,426	20.1	1,517	20.0	2,322	21.6	631	19.8	2,366	36.2
Travelling	398	5.6	319	4.2	122	1.1	63	2.0	34	0.5
Others	445	6.3	294	3.9	673	6.2	129	4.0	1,477	22.7
	7,081	100.0	7,593	100.0	10,757	100.0	3,189	100.0	6,530	100.0

Employee benefit expenses consist primarily of salaries, bonus and benefit expenses incurred for our research and development personnel. Consulting service fee consists primarily of cost incurred for outsourcing certain development tasks. Please refer to the section headed "Business — Research and Development — Product Development" in this prospectus for further disclosure regarding our outsourcing arrangement. Depreciation and amortisation are primarily related to property and equipment and software used for research and development purposes. Others include primarily rental expenses, staff training expenses and software licensing fees for our research and development purposes.

We did not capitalise research and development cost during the Track Record Period. According to our accounting policy, costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by us are recognised as intangible assets only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete and the ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. Development expenditure which does not meet these criteria is expensed when incurred. We consider the research and development expenditures incurred during the Track Record Period did not fulfil one of the above conditions for capitalisation as intangible assets. As a result, we expensed all of the research and development expenditures incurred during the Track Record Period. For a discussion of the relevant accounting policy, please refer to Note 2 of the Accountant's Report included in Appendix I to this prospectus.

The general increase in our research and development expenditures during the Track Record Period was primarily attributable to: (i) an increase in employee benefit expenses as we strengthened our research and development team; and (ii) an increase in consulting service fee in FY2018 as we outsourced certain research and development tasks for operational efficiency. For instance, we engaged IT service providers for the development of certain technologies that were readily available in the market, such as facial recognition component and visualisation component, which could be used in new solutions or products in the future. As these are mature technologies in the market, we believe that it was more cost effective to engage IT service providers with such technological capacities than conducting researches by our in-house research and development staff. The significant increase in research and development expenses from RMB3.2 million for FP2018 to RMB6.5 million for FP2019 was primarily due to an increase in the relevant depreciation and amortisation expenses by RMB1.7 million in FP2019 as compared to FP2018 resulting from the acquisition of computer software amounting to RMB17.8 million in FY2018. For FY2016, FY2017 and FY2018, our research and development expenses accounted for 4.2%, 5.4% and 5.8% of our total revenue for the same periods, respectively. For FP2018 and FP2019, our research and development expenses accounted for 7.7% and 9.6% of our total revenue, respectively.

Please refer to the section headed "Business — Research and Development" for further disclosure on our research and development efforts.

Other Income and Other Gains/(Losses), Net

Other income and other gains/(losses), net consist primarily of government grants, fair value gains on short-term investments and equity investments, loss on disposal of property and equipment, gain on remeasurement of leases, and others. The following table sets forth a breakdown of our other income and other gains/(losses), net for the periods indicated:

	FY2016	FY2017	FY2018	FP2018	FP2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income					
Government grants	424	1,905	3,526	2,356	1,809
Other gains/(losses), net					
Fair value gains on short-term investments and equity investments	145	761	2,213	945	2
Loss on disposal of property and equipment	—	(3)	(24)	—	(5)
Gain on remeasurement of leases	—	—	—	—	234
Others	(3)	—	(7)	(111)	(217)
	142	758	2,182	834	14

Other Income

During the Track Record Period, we received government grants from the relevant authorities in the PRC. The government grants consisted of (i) non-recurring unconditional government subsidies received from PRC government mainly in support of our technological advancement in information technology as well as our then listing status on the NEEQ; and (ii) non-recurring VAT refunds received from the PRC government. VAT refunds represented the aggregate amount of VAT payable in excess of 3% of the revenue from our self-developed software sold. Such VAT refunds are subject to government's review and approval and are, therefore, subject to the discretion of government authorities.

When a government grant is provided on an unconditional basis, we recognise it as other income in our consolidated statements of comprehensive income upon receipt. It is in the sole discretion of relevant authorities to decide whether and when to provide government grants to us. Going forward, we expect to continue to receive government grants from the relevant authorities in the PRC.

Other Gains/(Losses), Net

Fair value gains on short-term investments and equity investments consisted mainly of gains from investments in (i) wealth management products we purchased from a PRC licensed private investment fund manager, which is an Independent Third Party, and PRC licensed banks and (ii) our equity investment in Shuzhou Suoxindayoucai Data Investment Centre (Limited Partnership)* (蘇州索信達友財數據投資中心(有限合夥)) ("**Suzhou Suoxindayoucai**"), an investment vehicle and limited partnership established in the PRC which was owned as to 65.67%, 33.33% and 1% by us (as limited partner), Suzhou Jianyingyoucai Investment Management Limited* (蘇州建贏友財投資管理有限公

司) (as limited partner), an Independent Third Party, and Beijing Youcai Investment Management Limited* (北京友財投資管理有限公司) (as general partner), an Independent Third Party, respectively. It was established for the purpose of managing the investments in IT start-ups in the big data and related fields. It had not commenced business prior to the disposal. We are a limited partner of Suzhou Suoxindayoucai with no power nor influence on its daily operation. As part of our strategic efforts to streamline our corporate structure, we sold our entire interests in Suzhou Suoxindayoucai to an Independent Third Party in June 2017, at a consideration of RMB5.33 million. The consideration was determined at arm's length negotiation, taking into account the following factors: (i) our capital contribution of RMB5.2 million into the entity; and (ii) the fact that the entity had not commenced any business or investment activities. Our Directors confirmed, to the best of their knowledge and belief, and as advised by our PRC Legal Advisers, that during the period in which Suoxinda Shenzhen held the equity interest in Suzhou Suoxindayoucai, Suzhou Suoxindayoucai had complied with all applicable PRC laws and regulations in all material respects.

Loss on disposal of property and equipment is primarily related to disposed of certain used computer, hardware and IT equipment.

Gain on remeasurement of leases was primarily related to the early termination of our lease in Beijing in April 2019.

Finance Cost, Net

Net finance cost comprises interest expenses on bank borrowings, net of interest income on bank deposits. We incurred net finance costs of RMB1.2 million, RMB1.6 million and RMB2.9 million for FY2016, FY2017 and FY2018, respectively. For FP2018 and FP2019, we incurred net finance costs of RMB0.6 million and RMB1.8 million, respectively. During the Track Record Period, our net finance cost increased primarily as a result of our increased bank borrowings. Please refer to the paragraph headed "— Indebtedness" in this section for further disclosure.

Income Tax Expense

Income tax expenses consist primarily of the current income tax at the PRC and Hong Kong statutory rate applicable to our assessable profit before taxation as determined under relevant laws and regulations and the movement in deferred tax assets or liabilities recognised for the reporting periods. The following table sets out the breakdown of income tax expenses for the periods indicated:

	FY2016	FY2017	FY2018	FP2018	FP2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current income tax					
— Hong Kong profits tax	698	—	330	21	81
— PRC enterprise income tax . . .	1,398	2,414	4,395	581	1,203
Deferred income tax	(53)	300	(196)	(57)	(108)
Income tax expenses	2,043	2,714	4,529	545	1,176

Cayman Islands income tax

Our Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Cayman Islands currently levy no taxes on corporations based upon profits, income, gains or appreciations.

Hong Kong profits tax

Our subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% over the Track Record Period.

PRC enterprise income tax

Pursuant to the EIT Law and EIT Rules, the EIT rate for both domestic enterprises and foreign-invested enterprises is 25%, and high-technology enterprises receiving key support from the PRC government enjoy a reduced EIT rate of 15%.

Suoxinda Shenzhen, one of our operating subsidiaries, was recognised as a "National High and New Technology Enterprise" in 2011 and was entitled to a preferential EIT rate of 15% for FY2016, FY2017 and FY2018 and FP2019, respectively. The entitlement of this tax benefit is subject to renewal by relevant tax bureaus in the PRC every three years. Currently, the entitlement of Suoxinda Shenzhen for such tax benefit will require further renewal in 2020.

Suoxinda Beijing, another operating subsidiary, was also recognised as a "National High and New Technology Enterprise" and was entitled to a preferential EIT rate of 15% from 2018 to 2020. In addition, pursuant to the relevant laws and regulation in the PRC, Suoxinda Beijing was qualified as small and micro-enterprise with annual assessable revenue below RMB500,000 and enjoyed 50% reduction of its assessable revenue and a preferential EIT rate of 20% for income of FY2017.

Effective tax rate

For FY2016, FY2017 and FY2018, our effective income tax rates, calculated by dividing our income tax expense by profit before income tax, were 13.1%, 11.5% and 16.6%, respectively. During the Track Record Period, we paid all relevant taxes in due and there were no material disputes or unresolved tax issued with the relevant tax authorities. Our effective tax rate slightly decreased from 13.1% for FY2016 to 11.5% for FY2017, primarily because the applicable tax deduction rate for eligible research and development expense had increased from 150% for FY2016 to 175% for FY2017 according to the relevant PRC regulations. Our effective tax rate increased from 11.5% for FY2017 to 16.7% for FY2018, primarily due to an increase in non-tax deductible expenses mainly in relation to expenses incurred for the Listing. As we have experienced net loss for FP2019, the effective tax rate is not applicable.

Income tax expense

Our income tax expense increased by RMB0.7 million, or by 32.8%, from RMB2.0 million for FY2016 to RMB2.7 million for FY2017 and further increased by RMB1.8 million, or by 66.9%, to RMB4.5 million for FY2018. Such increases were primarily attributable to our increasing profit. Our income tax expense increased by RMB0.6 million, or by 115.8%, from RMB0.5 million for FP2018 to RMB1.2 million for FP2019. Such increase was mainly due to our increased profit before tax adjusted for the listing expenses accrued for FP2019 as compared to FP2018.

Transfer pricing

During the Track Record Period, Sourcing Development, our subsidiary in Hong Kong, has entered into certain contracts with our customers for the provision of (i) data solutions; and (ii) IT maintenance and support services (the "**Relevant Contracts**"). For certain contract works which Sourcing Development lacked resources and technical capability to handle, Sourcing Development outsourced them to Suoxinda Shenzhen, our PRC subsidiary. Suoxinda Shenzhen delivered services to Sourcing Development to fulfil its engagement under the Relevant Contracts. For those outsourced works, Sourcing Development paid all the contract prices it received from the customers to Suoxinda Shenzhen. The amounts of transactions under the arrangement were considerably insignificant. Such amount was approximately RMB2.0 million, RMB0.5 million and nil for FY2016, FY2017 and FY2018, respectively accounting for 1.2%, 0.4% and nil of our Group's consolidated revenue for the same periods.

In view of the above and given that Suoxinda Shenzhen was responsible for the provision of those subcontracted work, as well as managed and controlled associated risks, our Directors are of the view that the current transfer pricing arrangement is reasonable.

We have engaged an independent tax consultant, Shenzhen Qianhai PricewaterhouseCoopers Business Consulting Services Co., Limited, to conduct an analysis of the above related party transactions and re-assess the potential tax liability that may be imposed on Suoxinda Shenzhen and/or Sourcing Development. Their assessment shows that the transfer pricing policy during the Track Record Period (i) has generally reflected the respective functional profiles of Suoxinda Shenzhen and Sourcing Development under the arrangement, and (ii) are generally in line with the common industry practice. In addition, as at the Latest Practicable Date, there is not any challenge or query from tax authorities on the related party transaction, nor any relevant tax adjustment requested or made.

Under the transfer pricing laws and regulations in Hong Kong and the PRC, entities engaged in related party transactions will be required to prepare transfer pricing documentations for related party transactions if relevant transaction amounts reach the prescribed threshold. Souxinda Shenzhen and Sourcing Development were not required to prepare transfer pricing documentations for related party transactions during the Track Record Period, as the transactions amounts were below the prescribed threshold. The independent tax consultant is of the view that the possibility that the tax authorities in the PRC and Hong Kong deem Sourcing Development and Suoxinda Shenzhen as non-compliant with the relevant transfer pricing laws and regulations is remote. Given the above, our Directors are of the view that no income tax provision for Suoxinda Shenzhen and Sourcing Development was required to be made in relation to these transactions.

Since March 2019, we have adopted a transfer pricing policy to ensure that our related party transactions follow the arm's length principle and complies with the applicable transfer pricing rules and regulations in the PRC and Hong Kong. According to our transfer pricing policy, we must enter into written agreements for related party transactions, which shall state clearly the basis for determining the prices. The prices of related party transactions shall follow the government-set prices or government-guided prices and taking into account the prevailing market prices for similar transactions. If there are no prevailing market prices for similar transactions, the prices shall make reference to prices for comparable transactions with non-related parties. If none of the above prices are available, the prices for the related party transactions shall be determined based on reasonable costs plus reasonable profits. Our transfer pricing policy also require that a transaction with related individual with a total amount exceeding RMB1 million and a transaction with related corporation with a total amount exceeding RMB10 million must be approved by our Board. All Directors who have any connection with the related party in the transaction must abstain from voting on the resolution. As at the Latest Practicable Date, we were not aware of any enquiry, audit or investigation by any tax authority in the PRC or Hong Kong with respect to related party transactions carried out by us.

PERIOD-TO-PERIOD/YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATION

FP2019 compared to FP2018

Revenue

Our revenue increased by 64.3%, or by RMB26.5 million, from RMB41.3 million for FP2018 to RMB67.8 million for FP2019. This was primarily attributable to the increase in revenue generated from data solution projects from RMB11.3 million for FP2018 to RMB41.9 million for FP2019. Please refer to the paragraph headed "— Description of Major Components of Our Results of Operations — Revenue" in this section for further disclosure.

Cost of sales

Our cost of sales increased by 39.6%, or by RMB11.1 million, from RMB28.1 million for FP2018 to RMB39.2 million for FP2019. This was primarily attributable to the increase in subcontracting service fee because we engaged more subcontractors to participate in our increased data solution projects for FP2019.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 117.0%, or by RMB15.4 million, from RMB13.2 million for FP2018 to RMB28.6 million for FP2019; and our gross profit margin increased from 31.9% for FP2018 to 42.2% for FP2019, which was mainly due to (i) the increase in revenue generated from our data solutions for FP2019; and (ii) the increased in sales of self-developed products from RMB1.8 million for FP2018 to RMB7.4 million for FP2019, whose gross profit margin was relatively high at over 90%.

Selling expenses

Our selling expenses increased from RMB3.0 million for FP2018 to RMB5.1 million for FP2019, primarily due to (i) the increase in employee benefit expenses as a result of our efforts to strengthen our sales and marketing team; and (ii) the increase in promotion and marketing expenses as we increased our sales and marketing activities.

Administrative expenses

Our administrative expenses increased from RMB5.2 million for FP2018 to RMB16.9 million for FP2019, primarily due to (i) the increase in employee benefit expenses for our administrative staff by RMB1.5 million for FP2019 as compared to FP2018 as a result of the expansion of our administrative team; (ii) listing expenses of RMB6.1 million incurred in connection with the Share Offer for FP2019; and (iii) the share based compensation expenses of RMB2.4 million incurred in relation to a Pre-IPO investor.

Research and development expenses

Our research and development expenses increased from RMB3.2 million for FP2018 to RMB6.5 million for FP2019, primarily due to the increase in depreciation and amortisation expenses for FP2019 arising from the acquisition of computer software of RMB17.8 million in FY2018.

Other Income

Our other income decreased from RMB2.4 million for FP2018 to RMB1.8 million for FP2019, primarily due to less government grant received in FP2019 from the PRC government.

Other gains/(losses), net

Our other gains/(losses), net decreased from RMB0.8 million for FP2018 to RMB14,000 for the FP2019, primarily due to significant fair value gains on investments in wealth management products in FP2018.

Finance cost, net

Our finance cost, net increased from RMB0.6 million for FP2018 to RMB1.8 million for FP2019, primarily due to our increased bank and other borrowings in FP2019.

Income tax expenses

Our income tax expenses increased from RMB0.5 million for FP2018 to RMB1.2 million for FP2019. Such increase was mainly due to our increased profit before tax adjusted for the listing expenses accrued for FP2019 as compared to FP2018.

Profit/(loss) for the period and adjusted profit for the period

As a result of the foregoing, we experienced a profit of RMB3.8 million for FP2018 to a net loss of RMB1.3 million for FP2019. Excluding the non-recurring listing expense during the Track Record Period, we experienced an increase in adjusted profit from RMB3.8 million for FP2018 to RMB4.8 million for FP2019. Our adjusted net profit margin remained relatively stable at 9.2% for FP2018 and 7.1% for FP2019.

FY2018 compared to FY2017

Revenue

Our revenue increased by 33.1%, or by RMB46.2 million, from RMB139.4 million for FY2017 to RMB185.6 million for FY2018. This was primarily attributable to an increase in revenue contribution from our data solutions from RMB39.6 million for FY2017 to RMB86.7 million for FY2018. Please refer to the paragraph headed "— Description of Major Components of Our Results of Operations — Revenue" in this section for further disclosure.

Cost of sales

Our cost of sales increased by 31.8%, or by RMB29.5 million, from RMB92.9 million for FY2017 to RMB122.5 million for FY2018. This was primarily attributable to a significant increase in the subcontracting service fee from RMB7.8 million for FY2017 to RMB37.0 million for FY2018 mainly because we engaged more subcontractors to participate in our increased data solution projects.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 35.8%, or by RMB16.6 million, from RMB46.5 million for FY2017 to RMB63.1 million for FY2018. This was primarily attributable to a significant increase in the gross profit generated from the data solutions from RMB13.4 million for FY2017 to RMB32.4 million for FY2018. Our gross profit margin remained relatively stable at 33.3% and 34.0% for FY2017 and FY2018, respectively.

Selling expenses

Our selling expenses increased from RMB4.9 million for FY2017 to RMB8.7 million for FY2018, primarily due to (i) an increase in employee benefit expenses mainly as a result of (i) the expansion of our sales network and our efforts to strengthen our sales and marketing team; and (ii) an increase in promotion and marketing expenses as we increased our sales and marketing activities in FY2018.

Administrative expenses

Our administrative expenses increased from RMB11.4 million for FY2017 to RMB19.2 million for FY2018, primarily due to (i) the listing expenses of RMB5.0 million incurred in FY2018, (ii) an increase in our employee benefit expenses for our administrative staff and an increase in operating lease rental payments of RMB0.5 million and RMB0.1 million, respectively, in FY2018 for our expanded business operation, and (iii) an increase in the depreciation and amortisation expenses of RMB0.8 million, mainly due to the addition of equipment and intangible assets in FY2018.

Research and development expenses

Our research and development expenses increased from RMB7.6 million for FY2017 to RMB10.8 million for FY2018, primarily due to the consulting service fee of RMB1.9 million incurred in FY2018 for outsourcing certain development tasks to achieve operational efficiency. Moreover, amortisation of intangible assets increased by RMB0.8 million for FY2018 due to the addition of equipment and software for research and development purpose for FY2018.

Other Income

Our other income increased from RMB1.9 million for FY2017 to RMB3.5 million for FY2018, primarily due to an increase in non-recurring VAT refunds received in FY2018 from the PRC government in relation to our self-developed software.

Other gains/(losses), net

Our other gains, net increased from RMB0.8 million for FY2017 to RMB2.2 million for FY2018, primarily due to an increase in the fair value gains on short-term investments of RMB1.5 million for one-off disposal of wealth management products in FY2018.

Finance cost, net

Our finance cost, net increased from RMB1.6 million for FY2017 to RMB2.9 million for FY2018, primarily due to a significant increase in our borrowings of RMB39.5 million from RMB21.6 million in FY2017 to RMB61.1 million in FY2018.

Income tax expenses

Our income tax expenses increased from RMB2.7 million for FY2017 to RMB4.5 million for FY2018, primarily due to our increasing profit. Our effective tax rate was 11.5% for FY2017 and 16.7% for FY2018. Please refer to the paragraph headed "— Description of Major Components of Our Results of Operations — Effective Tax Rate" in this section for further disclosure.

Profit for the year

As a result of the foregoing, our profit for the year increased from RMB20.9 million for FY2017 to RMB22.6 million for FY2018. Our net profit margin decreased from 15.0% for the FY2017 to 12.2% for FY2018.

FY2017 compared to FY2016

Revenue

Our revenue decreased by 18.2%, or by RMB31.0 million, from RMB170.4 million for FY2016 to RMB139.4 million for FY2017. This was primarily attributable to a significant decrease in the revenue contribution from our sales of hardware and software and related service as an integrated service from RMB87.0 million for FY2016 to RMB70.9 million for FY2017 and a decrease in the revenue generated from our data solutions from RMB51.5 million for FY2016 to RMB39.6 million for FY2017. Please refer to the paragraph headed "— Description of Major Components of Our Results of Operations — Revenue" in this section for detailed analysis.

Cost of sales

Our cost of sales decreased by 29.4%, or by RMB38.7 million, from RMB131.6 million for FY2016 to RMB92.9 million for FY2017. This was primarily attributable to a decrease in the material costs from RMB91.1 million for FY2016 to RMB56.2 million for FY2017, mainly due to our decrease in sales of both hardware and software and related services as an integrated service as well as data infrastructure solutions in FY2017 compared to FY2016.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 19.8%, or by RMB7.7 million, from RMB38.8 million for FY2016 to RMB46.5 million for FY2017. This was primarily attributable to an increase in gross profit generated from our self-developed software products for FY2017. Our gross profit margin increased from 22.8% for FY2016 to 33.3% FY2017, mainly due to the higher profit margin of and gross profit contributions from our self-developed software products for FY2017. Please refer to the paragraph headed "— Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin — (ii) Sales of Hardware and Software and Other Related Services As an Integrated Services" in this section for detailed analysis.

Selling expenses

Our selling expenses decreased from RMB5.8 million for FY2016 to RMB4.9 million for FY2017, primarily due to a decrease in the employee benefit expenses by RMB1.0 million as we streamlined our sales force in FY2017.

Administrative expenses

Our administrative expenses increased from RMB9.8 million for FY2016 to RMB11.4 million for FY2017, primarily due to an increase in both our employee benefit expenses of our administrative staff as well as operating lease rental payments for our expanded business operation from RMB4.1 million for FY2016 to RMB6.0 million for FY2017, and from RMB0.1 million for FY2016 to RMB0.2 million for FY2017, respectively, which was partially offset by a decrease in the legal and professional fees from RMB1.8 million for FY2016 to RMB1.0 million for FY2017 and such decrease was because we have completed our then listing on the NEEQ in FY2016.

Research and development expenses

Our research and development expenses increased from RMB7.1 million for FY2016 to RMB7.6 million for FY2017 mainly due to our strengthened research and development team.

Other income

Our other income increased from RMB0.4 million for FY2016 to RMB1.9 million for FY2017, primarily due to the government grant received in relation to our then listing on the NEEQ in FY2017.

Other gains/(losses), net

Our other gains, net increased from RMB0.1 million for FY2016 to RMB0.8 million for FY2017, primarily due to an increase in the fair value gains on short-term investment and equity investments from RMB0.1 million for FY2016 to RMB0.8 million for FY2017 primarily as a result of one-off disposal of wealth management products in FY2017.

Finance cost, net

Our finance cost, net increased from RMB1.2 million for FY2016 to RMB1.6 million for FY2017, primarily due to an increase in our bank and other borrowings from RMB17.3 million for FY2016 to RMB21.6 million for FY2017.

Income tax expenses

Our income tax expenses increased from RMB2.0 million for FY2016 to RMB2.7 million for FY2017, primarily due to our increasing profit. Our effective tax rate was 13.1% for FY2016 and 11.5% for FY2017, respectively. Please refer to the paragraph headed "— Description of Major Components of Our Result of Operations — Effective Tax Rate" in this section for further disclosure.

Profit for the year

As a result of the foregoing, our profit for the year increased from RMB13.5 million for FY2016 to RMB20.9 million for FY2017. Our net profit margin increased from 7.9% for FY2016 to 15.0% for FY2017.

NET CURRENT ASSETS

The following table sets out our current assets, current liabilities and net current assets as at the balance sheet dates indicated:

	As at 31 December			As at 31 May	As at 30 September
	2016	**2017**	**2018**	**2019**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current Assets					
Trade receivables	18,566	20,470	15,040	45,944	63,673
Contract assets	21,896	16,953	44,110	43,352	53,349
Prepayments	16	44	3,108	4,507	3,250
Other financial assets at amortised cost	744	797	3,341	2,837	4,435
Inventories	1,043	1,214	283	396	118
Financial assets at fair value through profit or loss	5,200	20,000	—	—	—
Pledged bank deposits	—	2,988	8,312	6,947	7,427
Cash and cash equivalents	27,912	40,935	44,266	13,778	23,545
	75,377	103,401	118,460	117,761	155,797
Current liabilities					
Trade payables	5,963	9,288	11,855	11,806	33,736
Accruals and other payables	7,455	11,784	17,399	16,451	19,704
Contract liabilities	310	433	3,901	2,225	1,163
Current income tax liabilities	2,116	3,499	6,538	3,964	7,231
Lease liabilities	910	1,407	1,474	1,320	1,372
Bank and other borrowings	17,300	21,550	61,070	65,849	58,618
	34,054	47,961	102,237	101,615	121,824
Net current assets	41,323	55,440	16,223	16,146	33,973

We had net current assets as at 31 December 2016, 2017 and 2018, 31 May 2019 and 30 September 2019, respectively. Our net current assets position as at each of these dates was mainly attributable to our trade receivables, contract assets, financial assets at fair value through profit or loss and cash and cash equivalents, partially offset by our trade payables, accruals and other payables, current income tax liabilities and bank and other borrowings.

Our net current asset increased from RMB16.1 million as at 31 May 2019 to RMB34.0 million as at 30 September 2019 primarily due to (i) the increase in the trade receivables and contract assets of RMB17.7 million, RMB10.0 million respectively due to the increase in revenue generated from business operations; (ii) the decrease in bank and other borrowings by RMB7.2 million due to our repayment of borrowings; and (iii) the increase in the cash and cash equivalents of RMB10.0 million mainly due to our enhancing collection efforts of our trade receivables which were offset by the increase in the trade payables of RMB21.9 million mainly due to the increase in the cost of sales for business operation. Our net current assets remained relatively stable at RMB16.1 million as at 31 May 2019 and RMB16.2 million as at 31 December 2018, respectively.

Our net current assets decreased by RMB39.2 million, or by 70.7%, from RMB55.4 million as at 31 December 2017 to RMB16.2 million as at 31 December 2018. Such decrease was primarily attributable to: (i) a decrease of RMB20.0 million in financial assets at fair value through profit or loss as we disposed of our short-term investment in wealth management products in FY2018; (ii) an increase of RMB39.5 million in bank borrowings for our working capital needs and paying the outstanding balance for purchase of the Haina Property; (iii) an increase of RMB2.6 million in trade payables as certain suppliers offered relatively more favourable credit terms to us; (iv) an increase of RMB5.6 million in accruals and other payables mainly because we incurred other payables for the purchases of equipment as well as intangible assets for our financial AI laboratory in FY2018 and recorded accrued listing expenses for the Listing in FY2018; and (v) a decrease of RMB5.4 million in trade receivables mainly as a result of our enhanced collection efforts, partially offset by an increase of RMB27.2 million in contract assets as the relevant contracts' collection right had not become unconditional, details of the subsequent billing progress of which are set out in the paragraph headed "— Description of Selected Consolidated Statement of Financial Position Items — Contract Assets" in this section.

Our net current assets increased by RMB14.1 million, or by 34.2%, from RMB41.3 million as at 31 December 2016 to RMB55.4 million as at 31 December 2017. Such increase was mainly attributable to: (i) an increase of RMB14.8 million in financial assets at fair value gains as we strategically adjusted our investment portfolio with focus on wealth management products; and (ii) an increase of RMB13.0 million in cash and cash equivalents primarily generated from our operations, partially offset by (i) an increase of RMB4.3 million in accruals and other payables mainly as a result of an increase in other tax payables, mainly due to our increased value-added tax, as well as an increase in accrued salaries and wages mainly as a result of our increased labour costs for our expanded business; (ii) a decrease in contract assets of RMB4.9 million as fewer contracts with collection right remained conditional by the end of 2017; (iii) an increase of RMB4.3 million in bank borrowings for our working capital needs; and (iv) an increase of RMB3.3 million in trade payables as certain suppliers offered relatively more favourable credit terms to us.

DESCRIPTION OF SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

Trade Receivables

Trade receivables represent outstanding amounts due from our customers for our services to them. The table below sets out our trade receivables as at the dates indicated.

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	18,970	20,949	15,661	47,332
Less: provision for trade receivables	(404)	(479)	(621)	(1,388)
	18,566	20,470	15,040	45,944

Our trade receivables remained relatively stable at RMB18.6 million and RMB20.5 million as at 31 December 2016 and 31 December 2017, respectively. Our trade receivables decreased from RMB20.5 million as at 31 December 2017 to RMB15.0 million as at 31 December 2018 primarily due to our enhanced collection efforts. Our trade receivables increased to RMB45.9 million as at 31 May 2019, primarily due to more revenue generated during FP2019, which led to our current outstanding trade receivables increased from RMB8.5 million as at 31 December 2018 to RMB31.7 million as at 31 May 2019.

The following table sets out an ageing analysis of our gross trade receivables based on the due date as at the dates indicated and our trade receivables turnover days for the periods indicated:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	14,442	17,816	8,504	31,718
Up to 3 months past due	4,354	2,133	6,595	12,325
3 to 6 months past due	137	370	286	2,964
6 months to 1 year past due	12	630	32	223
Over 1 year past due	25	—	244	102
	18,970	20,949	15,661	47,332
	FY2016	**FY2017**	**FY2018**	**FP2019**
Trade receivables turnover days [(1)]	47.1	51.1	34.9	67.9

Note:

(1) Trade receivables turnover days for a certain period is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables, net by revenue for the relevant period and then multiplied by the number of days in the relevant period (365 days for FY2016, FY2017 and FY2018, and 151 days for FP2019).

Trade receivables turnover days indicates the average time required for us to collect cash payments after billing. Our trade receivables turnover days increased from 47.1 days for FY2016 to 51.1 days for FY2017, primarily attributable to a long outstanding receivable for more than 180 days from a customer in FY2017, and decreased to 34.9 for FY2018, primarily due to our enhanced collection efforts. For FY2016, FY2017 and FY2018, our trade receivables that were long outstanding for more than 180 days amounted to RMB37,000, RMB0.6 million and RMB0.3 million, respectively. Our long outstanding trade receivables for more than 180 days increased in FY2017 as compared to FY2016 due to a long outstanding receivable from a customer, which had been fully settled in 2018 by the same customer along with the settlement of its subsequent purchase made in the same year. The decrease in long outstanding trade receivables for more than 180 days from FY2017 to FY2018 was primarily due to our enhanced collection efforts. Subsequently, our trade receivables turnover days increased to 67.9 days primarily due to (i) our revenue increased during FP2019; and (ii) the increase in our outstanding trade receivables which were past due 3 months or more. Excluding our current portion of our gross trade receivables, our Customer B, a commercial bank, contributed approximately RMB7.8 million for the remaining outstanding trade receivables balances. Such balances had been fully settled as at 31 July 2019.

Our trade receivables, gross as at 31 May 2019 amounted to RMB47.3 million, of which RMB42.8 million, or 90.8%, had been settled as at 14 November 2019.

Contract Assets

Contract assets represent our rights to consideration for work completed and not billed because the rights are conditional on the our future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. We typically reclassifies contract assets to trade receivables on the date of acceptance reports issued by the customers when such right of collections becomes unconditional other than the passage of time.

The table below sets out our contract assets as at the dates indicated.

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	21,896	16,953	44,110	43,352

Our contract assets decreased from RMB21.9 million as at 31 December 2016 to RMB17.0 million as at 31 December 2017 as there were fewer contracts with collection right remaining conditional by the end of 2017 as compared to that of FY2016. Our contract assets increased to RMB44.1 million as at 31 December 2018 as the relevant contracts' collection right had not become unconditional. Our contract assets as at 31 December 2018 amounted to RMB44.1 million, all of which had been reclassified to trade receivables as at 20 June 2019. Our contract assets remained relatively stable, amounting to RMB43.4 million as at 31 May 2019.

Our contract assets as at 31 May 2019 amounted to RMB43.4 million, of which all has been reclassified to trade receivables as at 11 October 2019.

	FY2016	FY2017	FY2018	FP2019
Trade receivables and contract assets turnover days(1)	70.6	102.0	95.0	165.3

Note:

(1) Trade receivables and contract assets turnover days for a certain period is derived by dividing the arithmetic mean of opening and closing balances of the sum of trade receivables and contract assets by revenue for the relevant period and then multiplied by the number of days in the relevant period (365 days for FY2016, FY2017 and FY2018, and 151 days for FP2019).

Trade receivables and contract assets turnover days indicates the average time required for us to collect cash payments after provision of services. Our trade receivables and contract assets turnover days increased from 70.6 days for FY2016 to 102.0 days for FY2017, primarily attributable to the increase in our outstanding trade receivables for more than 180 days in FY2017 as compared to that in FY2016 due to a long outstanding receivable from a customer, which had been fully settled in FY2018. Our trade receivables and contract assets turnover days remained relatively stable at 102.0 days for FY2017 and 95.0 days for FY2018, respectively. Our trade receivables and contract assets turnover days significantly increased from 95.0 days for FY2018 to 165.3 days for FP2019, primarily attributable to (i) the increase in our revenue during FP2019; and (ii) the extended settlement processes by several customers of our Group during FP2019, which involved a total sum of RMB14.1 million, which RMB12.6 million or 89.4% had been settled as at 15 October 2019.

Our trade receivables and contract assets as at 31 May 2019 amounted to RMB90.7 million of which RMB70.1 million or 77.4% had been settled as at 14 November 2019.

Prepayments

Prepayments consisted of (i) deferred listing expenses; (ii) prepaid expenses which were mainly prepaid procurement costs paid to our suppliers and prepaid subcontracting fees paid to our subcontractors as well as prepaid rent for our office premises; and (iii) prepayment for property which represented down payment for the acquisition of Haina Property in Shenzhen, the details of which are set out in the sections headed "Business — Real Properties — Property to be Acquired" and "Business — Our Business Strategies — Enhancing our Research and Development Capabilities and Infrastructure" in this prospectus. The following table sets out our prepayment.

	As at 31 December			As at 31 May
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayment for property	—	—	20,000	30,000
Deferred listing expenses	—	—	1,777	2,739
Prepaid expenses	16	44	1,331	1,768
	16	44	23,108	34,507
Less: Non-current prepayment for property	—	—	(20,000)	(30,000)
	16	44	3,108	4,507

Our current prepayments increased from RMB16,000 to RMB44,000 as at 31 December 2017 and it further increased to RMB3.1 million as at 31 December 2018, primarily attributable to: (i) the increased prepayments to our suppliers and subcontractors and prepaid rents as well as (ii) the deferred listing expenses for the Listing in 2018. As at 31 May 2019, our current prepayments increased to RMB4.5 million, primarily attributable to the increase in deferred listing expenses from RMB1.8 million as at 31 December 2018 to RMB2.7 million as at 31 May 2019.

Other Financial Assets at Amortised Cost

Other financial assets at amortised cost consist primarily of (i) utility and other deposits; (ii) other receivable, which include primarily interest receivable from the disposal of our investment in wealth management products, previously purchase from a PRC licensed private investment fund manager which is an Independent Third Party, and government grants; and (iii) amounts due from shareholders incurred for the Reorganisation in 2018. The following table sets out our other financial assets at amortised cost:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Utilities and other deposits	625	608	592	2,343
Other receivables	119	189	2,662	407
Amounts due from shareholders	—	—	87	87
	744	797	3,341	2,837

Other financial assets at amortised cost remained relatively stable at RMB0.7 million and RMB0.8 million as at 31 December 2016 and 2017, respectively. It further increased to RMB3.3 million as at 31 December 2018 due to the interest receivable from the one-off disposal of wealth management products in FP2018. Subsequently, it decreased to RMB2.8 million as at 31 May 2019, due to the decrease in other receivables by RMB2.3 million as we invested in less wealth management products in FY2019, which was offset by the increase in utilities and other deposits for FP2019. Utility and other deposits remained relatively stable as at 31 December 2016, 2017 and 2018. Subsequently, they increased to RMB2.3 million as at 31 May 2019 primarily due to our pledged deposits of RMB1.5 million which were pledged for bank and other borrowings.

Inventories

Our inventories comprise primarily graphics cards in relation to our data infrastructure solutions, sales of hardware and software and provision of related services as an integrated service, as well as IT maintenance and support services.

Our inventories amounted to RMB1.0 million, RMB1.2 million, RMB0.3 million and RMB0.4 million as at 31 December 2016, 2017, 2018, and 31 May 2019, respectively. Our inventories were relatively stable at RMB1.0 million as at 31 December 2016 and RMB1.2 million as at 31 December 2017. Our inventories decreased by RMB0.9 million from RMB1.2 million as at 31 December 2017 to RMB0.3 million as at 31 December 2018, primarily due to our strengthened inventory management. Our inventories remained relatively stable at RMB0.4 million as at 31 May 2019.

	FY2016	FY2017	FY2018	FP2019
Inventory turnover days(1)	34.5	7.3	5.2	8.8

Note:

(1) Inventory turnover days for a certain period is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of inventories sold and multiplying by the number of days for the given period (365 days for FY2016, FY2017 and FY2018, and 151 days for FP2019).

For FY2016, FY2017, FY2018 and FP2019, our inventory turnover days were 34.5 days, 7.3 days, 5.2 days and 8.8 days, respectively. The general decrease in our inventory turnover days during Track Record Period was mainly due to our strengthened inventory management.

As at 31 August 2019, all of our inventories as at 31 May 2019 was subsequently utilised.

Financial Assets at Fair Value through Profit or Loss

Fair value estimation

Our Group's financial instruments carried at fair value as at 31 December 2016 and 2017, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

During the Track Record Period, our level 3 of financial assets at fair value through profit or loss comprised (i) debt instruments which were our investments in short-term wealth management products purchased from a PRC licensed private investment fund manager, which is an Independent Third Party, and PRC licensed banks; and (ii) equity instrument which was investment in Shuzhou Suoxindayoucai, further disclosure of which are set out in the paragraph headed "Description of

Major Components of Our Results of Operations — Other Income and Other Gains/(Losses), Net — Other Gains, Net" in this section. As at 31 December 2016, 2017 and 2018, and 31 May 2019, our financial assets at fair value through profit or loss amounted to RMB5.2 million, RMB20.0 million, nil and nil, receptively. Please refer to the Note 3.3 to the Accountant's Report as included in Appendix I to this prospectus for more information about the fair value measurement of our level 3 financial assets.

During the Track Record Period, the wealth management products purchased by us were generally described as having low or middle levels of risks in the product description manuals published by the issuing banks or private investment fund. Investments that exceed RMB5.0 million in a single transaction or exceed RMB30.0 million for a series of transactions carried out during any 12-month period were required to be reviewed and approved by Ms. Wei Huijuan, our deputy chief financial officer, and then by Ms. Wang, our executive Director.

To better manage the risks which we may be exposed to in handling investment transactions, we have adopted and implemented an enhanced internal policy since May 2019 which provides the following guidelines, requirements and approval process with respect to our treasury investment activities.

Under the enhanced treasury investment policy, we are only allowed to invest in wealth management products with low risk as ranked by the issuing institutions with maturities of not more than 24 months. No investments can be made on unsecured debentures, non-principal protected products based on derivative assets and products issued by institutions without valid operating licenses.

Prior to our purchase of any wealth management products, our finance department is required to compile an investment report providing the information such as the investment target, investment term, investment amount, expected return rate, source of capital, investment return analysis and investment risk analysis. The report will be submitted to responsible officers, Ms. Wei Huijuan and Ms. Wang for approval. If the amount of any investment exceeds RMB5.0 million in a single transaction, or the aggregate amount of investments for a series of transactions carried out during any 12-month period exceeds RMB30.0 million, such investments must be reviewed and approved by our Board.

After making the investments, our finance department is responsible for monitoring the performance of the invested wealth management products and ensuring the relevant contracts are not breached. Any significant or adverse fluctuation in the invested wealth management products shall be reported to our management and appropriate mitigation measures shall be taken immediately. Upon the expiration date of each investment, our finance department is responsible for the redemption and disposition of the investments according to the relevant contracts in a timely manner.

Our Board will conduct regular review on the status and returns of our major investments. Our independent non-executive Directors, including Mr. Tu Xingchun and Ms. Zhang Yahan, who have prior experience in the fields of accounting and finance, have the rights to conduct checks on our overall financial investments. If they find any non-compliance with our treasury investment policies, they can call a Board meeting to consider terminating the investments. Our Directors and responsible officers review the fair value measurements of our financial investments categorised within level 3 investments, taking into account the valuation techniques and assumptions of unobservable inputs and determine if the fair value measurements of level 3 investments is in compliance with the applicable IFRS.

In relation to the valuation of level 3 investments, our Directors adopted the following procedures: (i) reviewed the terms of agreements relating to the investments; (ii) engaged independent valuer, provided necessary financial and non-financial information so as to enable the valuer to assess our performed valuation procedures and discussed with the valuer on relevant assumptions; (iii) carefully considered all information especially those non-market related information input, such as the asset under management, the discount rate and the underlying of the unlisted equity, which required management assessment and estimates; and (iv) reviewed the valuation working papers and results prepared by the valuer. Based on the above procedures and the professional advice received, our Directors are of the view that the valuation analysis performed on level 3 investments is fair and reasonable and the financial statements of our Group are properly prepared.

The details on the fair value measurement of the financial assets, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs and the relationship of the unobservable inputs to the fair values, are disclosed in Note 3.3 to the Appendix I to this prospectus. The Reporting Accountant has carried out necessary audit work in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on the Group's Historical Financial Information for the Track Record Period as a whole in Appendix I to this prospectus.

In relation to the valuation of our financial assets at fair value, the Sole Sponsor has conducted relevant due diligence works, including but not limited to, (i) reviewed relevant notes in the Accountant's Report as contained in Appendix I to this prospectus and relevant documents provided by our Company and the valuer; (ii) discussed with our Company, the Reporting Accountants and the valuer about the key basis and assumptions for the valuation of level 3 investments. Having considered the work done by our Directors, Reporting Accountants and the valuer and the relevant due diligence done as stated above, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation analysis performed on the level 3 investments.

Trade Payables

Trade payables represent the amounts due to our suppliers. The following table sets out our trade payables as at the dates indicated.

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	5,963	9,288	11,855	11,806

Our trade payables increased from RMB6.0 million as at 31 December 2016 to RMB9.3 million as at 31 December 2017, and further increased to RMB11.9 million as at 31 December 2018 and RMB11.8 million as at 31 May 2019, primarily because certain suppliers offered relatively more favourable credit terms to us.

The following table sets out an ageing analysis of our trade payables as at the dates indicated and our average trade payables turnover days for the periods indicated:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 30 days	3,164	2,665	3,881	4,772
31 to 60 days	955	—	5,826	1,819
61 to 90 days	46	3,737	231	3,361
Over 90 days	1,798	2,886	1,917	1,854
	5,963	9,288	11,855	11,806
	FY2016	**FY2017**	**FY2018**	**FP2019**
Trade payables turnover days[(1)]	25.0	30.0	31.5	45.6

Note:

(1) Trade payables turnover days for a certain period is derived by dividing the arithmetic mean of the opening and closing balances of trade payables by cost of sales for the relevant period and then multiplied by the number of days in the relevant period (365 days for FY2016, FY2017 and FY2018, and 151 days for FP2019).

Our trade payables as at 31 May 2019 amounted to RMB11.8 million, of which RMB10.4 million, or 88.3%, had been settled as at 18 November 2019.

Trade payables turnover days indicate the average time we take to make cash payments to suppliers. Our trade payables turnover days increased from 25.0 days for FY2016 to 31.5 days for FY2018 and 45.6 days for FP2019 primarily because certain suppliers offered relatively more favourable credit terms to us.

Accruals and Other Payables

The following table sets out our accruals and other payables as at the dates indicated.

	As at 31 December			As at 31 May
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued salaries and wages	3,950	4,764	7,322	4,833
Other tax payables	3,223	6,178	2,444	3,785
Accrued Listing expenses	—	—	985	357
Other payables for purchase of equipment and intangible assets	—	—	5,469	5,155
Amount due to a shareholder	—	—	—	355
Amount due to an associate	—	—	—	400
Other accruals and payables	282	842	1,179	1,566
Total	7,455	11,784	17,399	16,451

Our accruals and other payables increased from RMB7.5 million as at 31 December 2016 to RMB11.8 million as at 31 December 2017 primarily attributable to: (i) an increase of RMB0.8 million in accrued salaries and wages mainly as a result of our increased labour costs for our expanded business operation; and (ii) an increase of RMB3.0 million in other tax payables. It increased to RMB17.4 million as at 31 December 2018 primarily attributable to: (i) an increase of RMB2.6 million in accrued salaries and wages mainly as a result of our increased labour costs for our expanded business operation; and (ii) the incurrence of RMB5.5 million in other payables for the purchases of equipment and intangible assets, such as servers, equipment and software, for our financial AI laboratory in FY2018, partially offset by a decrease in other tax payables of RMB3.7 million. It remained relatively stable at RMB16.5 million as at 31 May 2019.

Contract Liabilities

Upon entering into a contract with a customer, our Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customers. The contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights. The following table sets forth a breakdown of our contract liabilities as at the dates indicated:

	As at 31 December			As at 31 May
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	310	433	3,901	2,225

Our contract liabilities remained stable at RMB0.3 million and RMB0.4 million as at 31 December 2016 and 2017, respectively. It increased to RMB3.9 million as at 31 December 2018 mainly due to the increased fees received upfront from our customers in accordance with billing schedules in late 2018. It decreased to RMB2.2 million as at 31 May 2019 mainly due to the drop in the fees received upfront from our customers in FP2019.

LIQUIDITY AND CAPITAL RESOURCES

We historically funded our cash requirements principally from our business operations and cash at banks. After the Share Offer, we intend to finance our future capital requirements through cash generated from our business operations and bank borrowings, together with the net proceeds from the Share Offer. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Cash Flow

The following table sets out our selected consolidated cash flow data for the periods indicated.

	FY2016	FY2017	FY2018	FP2018	FP2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Operating cash flows before changes in working capital.	19,724	28,575	34,110	6,664	8,627
Net cash (used in)/ generated from operating activities . .	29,538	37,848	15,575	(26,344)	(29,072)
Net cash used in investing activities	(9,093)	(18,011)	(14,807)	(18,603)	(9,113)
Net cash (used in)/ generated from financing activities . .	(3,647)	(6,625)	2,363	32,398	7,740
Net increase/(decrease) in cash and cash equivalents.	16,798	13,212	3,131	(12,549)	(30,445)
Cash and cash equivalents at beginning of the year	11,050	27,912	40,935	40,935	44,266
Effect of currency translation differences	64	(189)	200	30	(43)
Cash and cash equivalents at the end of the year	27,912	40,935	44,266	28,416	13,778

Net Cash (used in)/generated from Operating Activities

Cash flows (used in)/generated from operating activities consist of profit before income tax adjusted for (i) certain non-cash or non-operating activities related items, which includes depreciation of property and equipment, amortisation of intangible assets, loss on disposal of property and equipment, provision for impairment of trade receivables, fair value gains on short-term investments and equity investments and net finance costs; and (ii) the combined effects of changes in working capital and income tax paid.

We experienced net cash used in operating activities of RMB26.3 million and RMB29.1 million in FP2018 and FP2019, respectively.

Our net operating cash outflows for FP2019 was primarily attributable to the increase in trade receivables of RMB31.8 million. The change was mainly due to (i) more revenue generated during FP2019, which led to the increase of RMB23.2 million in our current period outstanding trade receivable during FP2019; and (ii) the increase of RMB8.6 million in our other outstanding trade receivables during FP2019, mainly because our Customer B, a commercial bank, contributed approximately RMB7.8 million to the outstanding trade receivable balance. Such outstanding balance had been fully settled as at 31 July 2019.

Our net operating cash outflows for FP2018 was primarily attributable to (i) the increase of RMB17.4 million in prepayments and other financial assets at amortised cost, which was mainly due to our interest receivable from the one-off disposal of wealth management products in FP2018; (ii) the increase of RMB4.4 million in purchasing inventories to meet the customer orders that were later delivered in June 2018; (iii) the decrease of RMB5.0 million in trade payables as RMB4.1 million was paid to SAS Beijing in FP2018 to settle the outstanding trade payables; and (iv) the decrease of RMB6.5 million in accruals and other payables which was mainly due to the payment of accrued salaries and wages and other tax payables in FP2018.

We intend to improve our operating cash flow position, among others, by (i) continue enhancing our collection efforts of our trade receivables, and (ii) continue making more efforts to obtain favourable credit terms from suppliers.

For FY2018, our net cash generated from operating activities was RMB15.6 million, while our operating cash flows before changes in working capital was RMB34.1 million. The difference of RMB18.5 million was primarily attributable to (i) the increase in contract assets/contract liabilities, net of RMB23.7 million as the related collection right had not become unconditional; and (ii) an increase in prepayments and other financial asset at amortised cost of RMB2.2 million mainly due to the interest receivable from the disposal of short-term investments in 2018, partially offset by (A) an increase in trade payables of RMB2.6 million as certain suppliers offered relatively more favourable credit terms to us; and (B) a decrease in trade receivables of RMB5.4 million due to our enhanced collection efforts.

For FY2017, our net cash generated from operating activities was RMB37.8 million, while our operating cash flows before changes in working capital was RMB28.6 million. The difference of RMB9.2 million, which was primarily attributable to (i) an increase in accruals and other payables of RMB4.3 million mainly due to an increase in accrued salaries and wages mainly as a result of our increased labour costs and an increase in other tax payables; (ii) an increase in trade payables of RMB3.3 million as certain suppliers offered relatively more favourable credit terms to us; and (iii) a decrease in contract assets/contract liabilities, net of RMB5.1 million as there were fewer contracts with collection right remaining conditional by the end of 2017 as compared to that of 2016, partially offset by an increase in trade receivables of RMB2.2 million.

For FY2016, our net cash generated from operating activities was RMB29.5 million, while our operating cash flows before changes in working capital was RMB19.7 million. The difference of RMB9.8 million was primarily attributable to (i) an increase in contract assets/contract liabilities, net of RMB21.6 million as more contracts with collection right remained conditional by the end of 2016 as compared to that of 2015; and (ii) a decrease in trade payable of RMB5.3 million as more trade payable amounts had been settled in FY2016, partially offset by (A) a decrease in inventory of RMB15.1 million mainly due to our strengthened inventory management; (B) a decrease in prepayments and other financial asset at amortised cost of RMB12.3 million mainly due to the relatively large prepayments to our suppliers and subcontractors according to payment schedules in late 2015; and (C) a decrease in trade receivables of RMB5.9 million mainly due to our enhanced collection efforts by the end of 2016.

Net Cash used in Investing Activities

Our net cash used in investing activities for FP2019 was RMB9.1 million. This was primarily attributable to (i) the prepayment for property of RMB10.0 million which was used to pay further deposit for the purchase of Haina Property; (ii) purchases of short-term investments and equity investments measured at fair value through profit or loss of RMB1.0 million; and (iii) purchase of intangible assets of RMB0.9 million, which were offset by proceeds from disposal of short-term investments and equity investments measured at fair value through profit or loss of RMB3.2 million.

Our net cash used in investing activities in FY2018 was RMB14.8 million. This was primarily attributable to (i) purchase of short-term investments and equity investments measured at fair value through profit or loss of RMB51.1 million which were wealth management products; (ii) prepayment for property of RMB20.0 million which were the down payment for the purchase of Haina Property; and (iii) purchase of property and equipment and intangible assets of RMB12.6 million in aggregate which consisted of primarily servers, equipment and software for developing our financial AI laboratory in 2018, partially offset by the proceeds from one-off disposal of short-term investments and equity investments measured at fair value through profit or loss of RMB71.2 million which were wealth management products. For FY2018, our payments for financial assets at fair value through profit or loss amounted to RMB51.1 million and our proceeds from disposal of financial assets at fair value through profit or loss amounted to RMB71.2 million. The carrying amount of such financial assets was nil as at 31 December 2018.

Our net cash used in investing activities in FY2017 was RMB18.0 million. This was primarily attributable to (i) purchase of short-term investments and equity investments measured at fair value through profit or loss of RMB166.6 million which were wealth management products; (ii) purchase of intangible assets of RMB2.5 million which were mainly data analytics tools and office administrative software for enhancing our service quality and operational efficiency; and (iii) purchase of property and equipment of RMB1.6 million which were servers and IT equipment for our operational use, partially offset by proceeds from disposal of short-term and equity investments measured at fair value through profit or loss of RMB152.6 million which were (A) our equity investment in Suzhou Suoxindayoucai disposed of by us in 2017 and (B) wealth management products. For the FY2017, our payments for financial assets at fair value through profit or loss amounted to RMB166.6 million. The carrying amount of such financial assets was RMB20.0 million as at 31 December 2017.

Our net cash used in investing activities in FY2016 was RMB9.1 million. This was primarily attributable to (i) purchase of short-term investments and equity investments measured at fair value through profit or loss of RMB46.6 million which were wealth management products; (ii) purchase of intangible assets of RMB3.5 million which were mainly data analytics tools and office administrative software for enhancing our service quality and operational efficiency; and (iii) purchase of property and equipment of RMB0.6 million which were servers and IT equipment for our operational use, partially offset by proceeds from disposal of short-term investments and equity investments measured at fair value through profit or loss of RMB41.5 million which were wealth management products. For the FY2016, our payments for financial assets at fair value through profit or loss amounted to RMB46.6 million. The carrying amount of such financial assets was RMB5.2 million as at 31 December 2016.

Net Cash (used in)/generated from Financing Activities

Our net cash generated from financing activities for FP2019 was RMB7.7 million, primarily attributable to (i) proceeds from bank borrowings of RMB47.5 million; (ii) proceeds from other borrowings of RMB7.7 million; and (iii) capital contribution to a subsidiary by equity holders of a subsidiary of RMB4.2 million, which were offset by repayment of bank borrowings of RMB46.5 million and payment for listing expenses of RMB1.6 million.

Our net cash generated from financing activities in FY2018 was RMB2.4 million, primarily attributable to: (i) proceeds from bank borrowings of RMB73.8 million for paying the outstanding balance for purchase of the Haina Property and our working capital use; and (ii) proceeds from issuance of ordinary shares of RMB10,000 to Shenzhen Anyin, further disclosure of which are set out in the section headed "History and Reorganisation — Our Company and Major Subsidiaries — Suoxinda Shenzhen", partially offset by (A) dividend payment of RMB35.1 million to our shareholders, further disclosure of which are set out in the paragraph headed "— Dividends and Dividend Policy" in this section below; (B) repayment of bank borrowings of RMB34.3 million; (C) the increase in pledge bank deposits of RMB5.3 million as security for our increased bank borrowings; and (D) interests payment of RMB3.3 million on our bank borrowings.

Our net cash used in financing activities in FY2017 was RMB6.6 million, primarily attributable to: (i) repayment of our bank borrowings of RMB27.7 million; (ii) the interest payment of RMB1.5 million on bank borrowings; (iii) the increase in pledge bank deposits of RMB3.0 million as security for our bank borrowings and (iv) dividend payment of RMB5.0 million to shareholders, further disclosure of which are set out in the paragraph headed "- Dividends and Dividend Policy" in this section below, partially offset by new bank borrowings in the total amount of RMB32.0 million for our working capital use.

Our net cash used in financing activities in FY2016 was RMB3.6 million, primarily attributable to: (i) repayment of our bank borrowings in the amount of RMB20.2 million; and (ii) interest payment of RMB1.1 million on bank borrowings, partially offset by new bank borrowings in the total amount of RMB18.5 million for our working capital use.

WORKING CAPITAL STATEMENT

Taking into account the financial resources available to our Group, including the estimated net proceeds of the Share Offer, and in the absence of unforeseen circumstances, our Directors are of the opinion that our Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this prospectus.

INDEBTEDNESS

Bank and other borrowings

We primarily borrow bank and other borrowings to supplement our working capital and expand our business operation. The following table sets forth the interest rate and the outstanding amounts of our interest-bearing bank and other borrowings as at the dates indicated:

	As at 31 December						As at 31 May		As at 30 September	
	2016		2017		2018		2019		2019	
	Effective interest rate (%)	*RMB'000*	*Effective interest rate (%)*	*RMB'000*	*Effective interest rate (%)*	*RMB'000*	*Effective interest rate (%)*	*RMB'000*	*Effective interest rate (%)*	*RMB'000* (Unaudited)
Current										
Bank borrowings	5.6	17,300	5.9	21,550	6.2	61,070	6.0	62,106	6.0	54,770
Other borrowings	—	—	—	—	—	—	8.1	3,743	8.1	3,848
		17,300		21,550		61,070		65,849		58,618
Non-current										
Other borrowings	—	—	—	—	—	—	8.1	3,362	8.1	2,045
Total		17,300		21,550		61,070		69,211		60,663

As at 30 September 2019, our Group had unutilised facilities of RMB4.9 million. Our unused banking facilities decreased from RMB18.9 million as at 31 May 2019 to RMB4.9 million as at 30 September 2019 primary due to the termination of the facilities borrowed from two banks and the increased drawdowns from the existing banking facilities. Our bank borrowings were secured by the following:

- unlimited personal guarantees provided by Mr. Song (our Controlling Shareholder), Mr. Wu (our substantial Shareholder) and their respective spouses as at 31 December 2016, 31 December 2017 and 31 December 2018 and 31 May 2019. The guarantees provided by Mr. Song, Mr. Wu and their spouses are expected to be released before Listing;

- unlimited personal guarantees provided by Ms. Zhu Hong, an Independent Third Party save for being a friend of Mr. Song, as at 31 December 2017. The guarantees were released in 2018;

- our property of RMB14.5 million, RMB13.0 million and RMB12.7 million as at 31 December 2016, 31 December 2018 and 31 May 2019, respectively;

- Ms. Zhu Hong's property as at 31 December 2017 which was released in 2018;

- corporate guarantee of RMB3.0 million provided by a financial service company, which is an Independent Third Party, in 2016. The guarantee was released in 2017;

- corporate guarantee of RMB8.0 million provided by a PRC government controlled financial service company, which is an Independent Third Party, as part of the government's efforts to provide financial assistance to small and mid-sized technology companies, in December 2018. The guarantee was backed by unlimited personal guarantees provided by Mr. Song, Mr. Wu and their respective spouses. The guarantee was released in July 2019;

- our pledged bank deposits of RMB3.0 million, RMB8.3 million and RMB6.9 million held at bank as at 31 December 2017, 31 December 2018 and 31 May 2019, respectively;

- our trade receivables of RMB4.1 million, RMB13.0 million and RMB3.1 million as at 31 December 2017, 31 December 2018 and 31 May 2019, respectively; and

- our other receivables of RMB0.8 million as at 31 May 2019.

Other borrowings represented an RMB denominated loan we borrowed from an Independent Third Party, which is secured by other deposits of RMB0.7 million and certain of our equipment. Please refer to Note 29 to the Accountant's Report included in Appendix I to this prospectus for further disclosure.

Lease Liabilities

We lease various office premises. We have adopted and applied IFRS 16 "Leases", which is mandatory for the financial year beginning on 1 January 2019, retrospectively throughout the Track Record Period. Leases are recognised as right-of-use assets and corresponding liabilities at the date of which the respective leased asset is available for use by our Group. As at 30 September 2019, being the latest practicable date for the purpose of indebtedness statement, we had lease liabilities of RMB3.7 million. Please refer to Note 30 to the Accountant's Report included in Appendix I to this prospectus for further disclosure.

Our Directors confirmed that, as at 30 September 2019, being the latest practicable date for the purpose of determining indebtedness, save as disclosed in the paragraph "— Indebtedness" and "— Related Party Transactions and Balances" in this section or any intra-group liabilities, we did not have any other banking facilities, unutilised banking facilities, outstanding or authorised but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowing, acceptance credits, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees outstanding. Our Directors also confirmed that there is no material adverse change in our indebtedness position since 30 September 2019 and up to the date of this prospectus.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures mainly for purchases of furniture and equipment, motor vehicles and computer software. The following table sets forth our capital expenditures for the periods indicated.

	FY2016	FY2017	FY2018	FP2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Purchase of property and equipment	578	1,571	2,906	478
Purchase of intangible assets	3,488	2,461	12,614	870
Total	4,066	4,032	15,520	1,348

We expect to fund these capital needs by cash generated from our operating activities as well as the net proceeds from the Share Offer. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further disclosure.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Operating Leases

During the Track Record Period, we had various leased properties under non-cancellable operating leases. The leases are for various terms. The following table sets forth our future minimum lease payments payable under our non-cancelable short-term leases falling due as at the dates indicated:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
No later than 1 year	32	335	266	1,730

Capital Commitments

The following table sets out our capital commitments as at the date indicated:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Purchase commitments in connection with the property not provided for	—	—	41,960	31,960

Our capital commitments outstanding as at 31 May 2019 related to the property purchase commitment in relation to the Haina Property.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations of any third parties.

RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we had certain related party transactions and balances in our normal course of business, including (i) receiving unlimited personal guarantee from Mr. Song, Mr. Wu and their spouses to secure our banking facilities amounted to RMB17.3 million, RMB21.6 million, RMB61.0 million and RMB62.1 million as at 31 December 2016, 2017 and 2018, and 31 May 2019, respectively, all of which are expected to be released before Listing; and (ii) provision of compensation to key management for employee services. As at 31 May 2019, we recorded (i) amounts due from Shareholders of RMB87,000 for the Reorganisation; (ii) amount due to a Shareholder of RMB355,000; and (iii) amount due to an associate of our Group of RMB400,000. Such amounts due from/to the Shareholders and the associate were non-trade in nature and will be settled before the Listing. For more information of the related party transactions and balances, please refer to Note 34 to the Accountant's Report included in Appendix I to this prospectus. Our Directors are of the view that each of such above related party transactions was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties.

OFF BALANCE SHEET TRANSACTIONS

During the Track Record Period, we did not have any material off-balance sheet arrangements or any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

FINANCIAL RATIOS

The following table sets out certain key financial ratios as at the dates or for the periods indicated.

	As at 31 December			As at 31 May
	2016	2017	2018	2019
Current ratio[(1)]	2.2 times	2.2 times	1.2 times	1.2 times
Gearing ratio[(2)]	27.7%	27.6%	80.5%	81.3%
	FY2016	**FY2017**	**FY2018**	**FP2019**
Gross profit margin (%)[(3)]	22.8	33.3	34.0	42.2
Net profit margin (%)[(4)]	7.9	15.0	12.2	N/A
Return on equity (%)[(5)]	24.4	29.7	29.4	N/A
Return on total assets (%)[(6)]	15.0	18.6	14.7	N/A
Non-IFRS measures				
Adjusted net profit margin (%)[(7)]	7.9	15.0	14.9	7.1

Notes:

(1) Current ratio was calculated based on our total current assets as at the end of each year/period divided by our total current liabilities as at the same date.

(2) Gearing ratio was calculated based on our total bank borrowings as at the end of each year/period divided by our total equity as at the same date.

(3) Gross profit margin was calculated based on our gross profit for the respective year/period divided by our revenue for the same year/period.

(4) Net profit margin was calculated based on our profit for the respective year/period divided by our revenue for the same year/period. Net profit margin for FP2019 was not applicable due to net loss for FP2019.

(5) Return on equity was calculated based on our annual/annualised profit for the respective year/period divided by the average total equity for the same year/period (sum of the opening and closing balances of our total equity for the respective year/period and then divided by two). Return on equity for FP2019 was not applicable as (i) a calculation using profit/(loss) for the period is not comparable to the one using profit/(loss) for the year; and (ii) the profit /(loss) for the period cannot be meaningfully annualised primarily due to seasonality fluctuation in our revenue. Please refer to the paragraph headed "— Major Factors Affecting Our Results of Operations — Seasonality" in this section for further disclosure on seasonality of our business.

(6) Return on total assets was calculated based on our annual/annualised profit for the respective year/period divided by the average total assets for the same year/period (sum of the opening and closing balances of our total assets for the respective year/period and then divided by two). Return on total assets for FP2019 was not applicable as (i) a calculation using profit/(loss) for the period is not comparable to the one using profit/(loss) for the year; and (ii) the profit/(loss) for the period cannot be meaningfully annualised primarily due to seasonality fluctuation in our revenue. Please refer to the paragraph headed "— Major Factors Affecting Our Results of Operations — Seasonality" in this section for further disclosure on seasonality of our business.

(7) Adjusted net profit margin was calculated based on our adjusted profit for the respective year/period divided by our revenue for the same year/period.

The following is a brief analysis of the salient aspects of the above financial ratios:

- *Current ratio*. Our current ratio remained relatively stable at 2.2 times as at 31 December 2016 and 2.2 times as at 31 December 2017. Our current ratio decreased from 2.2 times as at 31 December 2017 to 1.2 times as at 31 December 2018, mainly due to an increase of RMB39.5 million in bank borrowings from RMB21.6 million as at 31 December 2017 to RMB61.1 million as at 31 December 2018 for our working capital use as well as paying the outstanding balance for purchase of the Haina Property. Our current ratio remained relatively stable at 1.2 times as at 31 May 2019.

- *Gearing ratio*. Our gearing ratio remained relatively stable at 27.7% and 27.6% as at 31 December 2016 and 2017, respectively. It increased to 80.5%, mainly due to an increase in bank borrowings of RMB39.5 million as at 31 December 2018 for our working capital use as well as paying the outstanding balance for purchase of the Haina Property. Our gearing ratio remained relatively stable at 81.3% as at 31 May 2019.

- *Gross profit margin*. Please refer to the paragraph headed "— Description of Major Components of Our Results of Operations" in this section for further disclosure.

- *Net profit margin*. Our net profit margin increased from 7.9% for FY2016 to 15.0% for FY2017, primarily attributable to an increase in our gross profit margin in FY2017. Our net profit margin decreased from 15.0% for FY2017 to 12.2% for FY2018, primarily attributable to the listing expenses of RMB5.0 million incurred in FY2018. We incurred net loss for FP2019.

- *Return on equity*. Our return on equity ratio increased from 24.4% for FY2016 to 29.7% for the FY2017, primarily attributable to our increased net profits in FY2017. It remained relatively stable at 29.7% and 29.4% for FY2017 and FY2018, respectively.

- *Return on total assets*. Our return on total assets ratio increased from 15% for FY2016 to 18.6% for FY2017, primarily due to the increase in our gross profit in FY2017. Our return on total asset ratio decreased from 18.6% for FY2017 to 14.7% for FY2018, mainly due to the increase in total assets.

- *Adjusted net profit margin*. Our adjusted net profit margin increased from 7.9% for FY2016 to 15.0% for FY2017, primarily attributable to an increase in our gross profit margin in FY2017. It remained relatively stable at 15.0% for FY2017 and 14.9% for FY2018. Subsequently, our adjusted net profit margin decreased from 14.9% for FY2018 to 7.1% for FP2019, primarily due to (i) the increase in the employee benefit expenses in relation to the expansion of our sales and marketing and our administrative staff, (ii) the increased provision of impairment of trade receivables during FP2019 compared to FY2018 and (iii) the share-based compensation expenses recognised in relation to the Pre-IPO Investment.

PROPERTY INTERESTS AND VALUATION

The table below sets forth the reconciliation between the net book value of our property as at 31 May 2019 as extracted from the Accountants' Report as set out in the Appendix I to this prospectus and the fair value as at 31 August 2019 as stated in "Appendix III — Property Valuation Report" to this prospectus:

	RMB'000
Net book value of the property as at 31 May 2019	12,720
Less: Depreciation on the property for the three months ended 31 August 2019	(181)
Add: Valuation surplus	5,461
Valuation of the subject property as at 31 August 2019 set out in Appendix III to this prospectus	18,000

FINANCIAL RISK MANAGEMENT

In the normal course of business, we are exposed to a variety of financial risks, including market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. Our Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manners. For further details on our financial risk exposures, please refer to Note 3 to the Accountant's Report included in Appendix I to this prospectus.

Market Risk

(i) Foreign exchange risk

We operate principally in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the HK$ and the US$. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective entity's functional currency.

During the Track Record Period, the foreign exchange risks on financial assets and liabilities denominated in HK$ and US$ were insignificant to us.

(ii) Cash flow and fair value interest rate risk

Our interest rate risk arises from our bank borrowings, cash and cash equivalents, pledged bank deposits and also bank wealth management products. Except for some bank borrowings which is entitled to fixed interest rates and expose us to the fair value interest rate risk, other bank borrowings, cash and cash equivalents and pledged bank deposits are carried at variable rates.

As at 31 December 2016, 2017 and 2018, if the market interest rates had been 50 basis points higher or lower with all other variables held constant, the impact on our post-tax profit for the period would have been approximately RMB0.1 million, RMB0.2 million, RMB0.1 million higher/lower.

As at 31 May 2019, if the market interest rates had been 50 basis points higher or lower with all other variables held constant, the impact on our Group's post-tax loss for the period would have been approximately RMB28,000 lower/higher.

Credit Risk

Our credit risk mainly arises from cash at bank, pledged bank deposits, bank wealth management products, trade receivables and other financial assets at amortised cost. The carrying amounts of these balances represent our maximum exposure to credit risk in relation to financial assets.

To manage risk arising from cash at bank, pledged bank deposits and bank wealth management products, we only transact with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables, we have policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit quality of the customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables due from them, our Directors believe that the credit risk inherent in our outstanding trade receivable balances due from them is not significant.

For other financial assets at amortised cost, we have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other financial assets at amortised cost, as well as the loss upon default in each case. Our Directors considered that the lifetime expected credit losses allowance was insignificant.

Liquidity Risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, our management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available.

DIVIDENDS AND DIVIDEND POLICY

Suoxinda Shenzhen, our subsidiary previously listed on the NEEQ, paid dividends of RMB5.0 million and RMB35.1 million in 2017 and 2018, respectively, all of which were settled in 2017 and 2018 through NEEQ's clearing and settlement system. In addition, Suoxinda Shenzhen has allotted and issued 22,084,833 shares by way of a bonus issue of 6.5 shares for every 10 shares held by the then shareholders of Suoxinda Shenzhen in October 2018. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future. Our Group currently does not have a fixed dividend policy, and does not have a pre-determined dividend payout ratio.

Any declaration of dividends is subject to our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which our Directors may consider relevant. Subject to the Cayman Companies Law and our Articles of Associations, our Company may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by our Board. In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) our Articles of Association, which require any final dividends to be approved by our Shareholders at a general meeting, and (ii) the Cayman Companies Law, which provides that dividends may be paid out of sums standing to the credit of its share premium account provided that immediately following the payment of dividend, our Company shall be able to pay its debts as they fall due in the ordinary course of business. Any future declarations and payments of dividends will be at the discretion of our Directors and may require the approval of our Shareholders. Under applicable PRC law, each of our subsidiaries in the PRC may only distribute after-tax profits after it has made allocations or allowances for recovery of accumulated losses and allocations to the statutory reserves.

DISTRIBUTABLE RESERVES

We had reserve available for distribution to our Shareholders amounting to RMB11.7 million as at 31 May 2019.

LISTING EXPENSES

Our Directors are of the view that the financial results of our Group for FY2019 are expected to be adversely affected by, among others, our Listing expenses, the nature of which is non-recurring.

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Share Offer. We did not incur any expenses in relation to the Listing in FY2016 and FY2017. We estimate that our listing expenses will be approximately RMB31.7 million (based on the mid-point of the indicative Offer Price range, including underwriting commission and excluding any discretionary incentive fee which may be payable by us), of which approximately RMB10.9 million will be directly attributable to the issue of our Shares to the public and will be capitalised, approximately RMB5.0 million and RMB6.1 million have been expensed in FY2018 and FP2019, and approximately RMB9.7 million is expected to be expensed in the remaining period of FY2019. Our Directors expect such expenses would adversely impact our results of operations for FY2019.

SUBSEQUENT EVENTS

On 25 February 2019, the Reorganisation was completed. As part of the Reorganisation, one of our subsidiaries issued 6% of its shareholding which resulted in a share-based compensation expense recognised upon completion given that no vesting condition existed.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please see the section "Unaudited pro forma financial information" in Appendix II of this prospectus for our unaudited pro forma adjusted net tangible assets per Share.

NO MATERIAL ADVERSE CHANGE

Set forth below are certain developments of our business and results of operations subsequent to the Track Record Period and up to the Latest Practicable Date:

- Our business operation remained stable after the Track Record Period and up to the Latest Practicable Date. There had been no change to our business model and we continued to develop and deliver sophisticated data solutions with a strategic focus on leading banks and financial institutions in the PRC.

- In July 2019 and September 2019, we were awarded "2019 Leading FinTech Brands in the PRC* (2019 中國金融科技領軍品牌)" by China Finance Summit (中國財經峰會) and "Innovative Solution — Bronze Award (創新解決方案—銅獎)" by China Fintech Innovation Competition 2019 (2019中國金融科技創新大賽) in recognition of our market position.

- We have entered into agreements with an Independent Third Party to purchase the Haina Property in Shenzhen which has a gross floor area of 3,098 sq.m. at a consideration of RMB62.0 million. As at the Latest Practicable Date, we have paid RMB30.0 million as deposits, and we plan to pay RMB12.0 million on or before 31 December 2019 and the remaining amount of RMB20.0 million in the first half year of 2020. For further details relating to the purchase of Haina Property, please refer to the section headed "Business — Real Properties — Properties to be acquired" in this prospectus.

- Our business continues to grow subsequent to the Track Record Period. Based on the unaudited financial information of our Group, our revenue increased for the nine months ended 30 September 2019 as compared to that for the corresponding period in 2018, primarily because the total contract sum of relevant revenue generating projects increased from RMB173.7 million for the nine months ended 30 September 2018 to RMB246.0 million for the nine months ended 30 September 2019. In addition, our Directors confirm that our gross profit and our gross profit margin increased during the nine months ended 30 September 2019 as compared to that for the corresponding period in 2018. However, the overall financial performance of our Group for FY2019 is expected to be adversely affected by the non-recurring Listing expenses incurred by our Group.

As disclosed in the paragraph headed "— Listing Expenses" in this section, our net profit for FY2019 is expected to be affected by the estimated expenses in relation to the Listing. Our Directors have confirmed that save as disclosed in the subsections above, since 31 May 2019, the end of the period reported in the Accountant's Report as set out in Appendix I to this prospectus, and up to the date of this prospectus, (i) there had been no material adverse change in the market conditions or industry environment where we operate, which materially and adversely affected our financial or operating position; (ii) there has been no material adverse change in our financial or trading position; and (iii) there has been no event since 31 May 2019 which would materially affect the information shown in the Accountant's Report as set out in Appendix I to this prospectus.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the Shares been listed on the Stock Exchange on that date.

FUTURE PLANS

For further disclosure of our business objectives and strategies, please refer to the section headed "Business — Our Business Strategies" in this prospectus.

Implementation Plans

We set out below the implementation plans to carry out our business strategies upon Listing to 31 December 2021.

1. For the period upon Listing to 31 December 2019

Business strategies	Implementation plans	Proceeds
		(HK$ in million)
Developing the display centre, the financial AI laboratory and office facilities	To carry out:	
	(i) constructing the advanced data infrastructure of our financial AI laboratory;	9.8
	(ii) setting up our new display centre; and	0.1
	(iii) setting up office facilities	0.1
		10.0

2. For the year from 1 January 2020 to 31 December 2020

Business strategies	Implementation plans	Proceeds
		(HK$ in million)
Strengthening and expanding our data solution offerings	To carry out research on data solution offerings by recruiting new employees and improving compensation packages to retain our employees	12.9
Enhancing our sales and marketing efforts	To organise or participate in various marketing events and industry forums to attract potential customers, solidify our relationships with existing customers and enhance our market penetration	12.2
Developing the display centre, the financial AI laboratory and office facilities	To carry out:	
	(ii) constructing the advanced data infrastructure of our financial AI laboratory;	8.5
	(ii) setting up our new display centre;	1.0
	(iii) setting up office facilities; and	1.3
	(iv) recruiting a senior researcher with background of AI, statistics or applied mathematics	1.2
		12.0

3. For the year from 1 January 2021 to 31 December 2021

Business strategies	Implementation plans	Proceeds
		(HK$ in million)
Strengthening and expanding our data solution offerings	To settle staff costs for the newly hired employees who will carry out research on new data solution offerings and to improve compensation packages to retain our employees	12.9
Enhancing our sales and marketing efforts	To organise or participate in various marketing events and industry forums to attract potential customers, solidify our relationships with existing customers and enhance our market penetration	13.6
Developing the display centre, the financial AI laboratory and office facilities	To carry out:	
	(i) constructing advanced data infrastructure of our AI laboratory;	10.6
	(ii) making purchases of equipment of our financial AI laboratory; and	10.1
	(iii) making settlement of staff costs of the senior researcher	2.5
		23.2

Moreover, upon Listing to 31 December 2021, we will actively search for potential acquisition targets which have complementary technologies and/or outstanding execution abilities in respect of data solution projects in order to supplement our organic growth and we had not identified any specific acquisition target company as at the Latest Practicable Date.

Basis and Assumptions

The implementation plans set forth above are based on the following bases and assumptions. These bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors as set out in the section headed "Risk Factors" in this prospectus. There is no assurance that our business objectives will be achieved or our business plans will be implemented according to the estimated time frame or at all.

The implementation plans formulated by our Directors are based on the following general assumptions:

- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in the PRC or in any other places in which we carry on our business or will carry on our business;

- there will be no material changes in industry trends and customer preferences due to technology advancement or otherwise that we are unable to accurately predict or address;

- there will be no significant changes in our business relationships with our major customers and major suppliers;

- we will have sufficient financial resources to meet the planned capital expenditure and business development plans during the period to which the business objectives relate;

- there will be no material changes in the funding required for each of the scheduled achievements as outlined under the paragraph headed "— Future Plan — Implementation Plans" above in this section;

- we will be able to retain our key staff in our management team as well as our professional staff and recruit suitable staff for our expansion when and if necessary;

- we will not be materially affected by the risk factors as set out under the section headed "Risk Factors" in this prospectus; and

- we continue our existing operations in substantially the same manner as they were carried out during the Track Record Period and we will also be able to carry out our implementation plans without material disruptions.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Share Offer (after deducting underwriting commission (excluding any discretionary incentive fee) and expenses paid and estimated payable in connection with the Share Offer by us and an Offer Price of HK$1.65 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus) will be approximately HK$129.0 million. We currently intend to apply the net proceeds as follows:

- approximately 20.0% of the net proceeds, or approximately HK$25.8 million, is expected to be used primarily for strengthening and expanding our data solution offerings through continuously attracting and retaining high-quality personnel and offering attractive compensation packages to retain our employees. We plan to recruit research and development staff, including senior analysts, senior Java development engineers, and business directors and pre-sales directors over the next two years to further develop our advanced technologies, to enhance the quality and variety of our analytics solution offerings, as well as to strengthen our relationships with existing customers and attract new customers. Approximately 11.7% of the net proceeds, or approximately HK$15.0 million, will be used to recruit research staff for enhancing the effectiveness of, and adding new features to, our existing analytics solutions. Approximately 8.3% of the net proceeds, or approximately HK$10.8 million, will be used for recruiting business directors and pre-sales directors to better meet customers' needs. Please refer to the section headed "Business — Our Business Strategies — Strengthening and expanding our data and AI solution offerings" in this prospectus for further disclosure;

- approximately 20.0% of the net proceeds, or approximately HK$25.8 million, is expected to be used primarily for enhancing our sales and marketing efforts including corporate branding activities. We will organise seminars and conferences to solidify our relationships with existing customers, and seize opportunities to identify potential customers by further enhancing our communications with them, and actively organising and participating in a comprehensive range of industry events, including solution showcases, FinTech workshops, and big data and AI science conferences. In addition, we plan to increase the influence of the China Greater Bay Region Institute of Financial Innovation by organising industrial events and activities for key players in the financial industry of the Greater Bay Area. Please refer to the section headed "Business — Our Business Strategies — Enhancing Market Penetration and Expanding into New Market Sectors" in this prospectus for further disclosure;

- approximately 35.0% of the net proceeds, or approximately HK$45.2 million, is expected to be used primarily for developing the financial AI laboratory, the display centre and office facilities of the Haina Property. The display centre will be used to conduct face-to-face meetings with our customers and showcase our data solutions. Approximately 22.4% of our estimated net proceeds, or approximately HK$28.9 million, will be used for constructing advanced data infrastructure of our financial AI laboratory, such as construction of electrical, networking, fire safety and air-conditioning systems. Approximately 7.8% of our estimated net proceeds, or approximately HK$10.1 million, will be used for making purchases of equipment for our financial AI laboratory, such as more powerful servers, processing platforms and application clusters in order to support the development of highly sophisticated technologies as well as to realise our endeavors in bringing the cutting-edge technologies to industry applications. Approximately 0.8% of our estimated net proceeds, or approximately HK$1.1 million, will be used for decorating the display centre. Approximately 1.1% of our estimated net proceeds, or approximately HK$1.4 million, will be used for decorating the office facilities. Approximately 2.9% of our estimated net proceeds, or approximately HK$3.7 million, will be used for hiring one new senior researcher with a PhD degree in the fields of AI, statistics or applied mathematics. Please refer to the section headed "Business — Our Business Strategies — Enhancing our Research and Development Capabilities and Infrastructure" in this prospectus for further details;

- approximately 15.0%, or approximately HK$19.3 million, is expected to be used primarily for strategic acquisitions which we plan to selectively pursue in order to supplement our organic growth. In particular, we will actively seek strategic acquisition opportunities to enhance the breath and depth of our analytics solution offerings and solution development capabilities, as well as expand our customer base. For example, start-up companies which possess core technologies or the companies whose geographic coverage of businesses are complementary to ours and possess strong project delivery capabilities. Please refer to the section headed "Business — Our Business Strategies — Selectively Pursue Strategic Acquisitions to Strengthen our Market Position" in this prospectus for further disclosure. As at the Latest Practicable Date, we did not identify any potential target company for acquisition for our use of net proceeds from the Share Offer; and

- the remaining up to approximately 10.0% of the net proceeds, or approximately HK$12.9 million, is expected to be used primarily for working capital and other general corporate purposes.

If the Offer Price is determined at the highest point of the stated range, the net proceeds to our Company would be increased to approximately HK$143.4 million after deducting underwriting commission (excluding any discretionary fee, other expenses paid and estimated payable). If the Offer Price is determined at the lowest point of the stated range, the net proceeds to our Company would be decreased to approximately HK$114.5 million. The above allocation of the net proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus.

PUBLIC OFFER UNDERWRITERS

China Tonghai Securities Limited
Realord Asia Pacific Securities Limited
Target Capital Management Limited
Wonderland International Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement (including, among others, the Joint Bookrunners, for themselves and on behalf of the Underwriters, and our Company agreeing to the final Offer Price), the Public Offer Underwriters have agreed to subscribe or procure subscribers for the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement. The Public Offer Underwriting Agreement is conditional upon and subject to, among others, the Placing Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement are subject to termination with immediate effect by the Joint Bookrunners, in their sole and absolute discretion (for themselves and on behalf of the Public Offer Underwriters) by notice orally or in writing to our Company prior to 8:00 a.m. on the Listing Date if:

(a) there develops, occurs, exists or comes into effect:

(i) any event, or series of events, in the nature of force majeure (including, without limitation, epidemics, pandemics, outbreaks of diseases (including, without limitation, Severe Acute Respiratory Syndrome ("**SARS**"), Influenza A ("**H5N1**") or swine or avian influenza ("**H7N9**") or such related/mutated forms), fire, explosion, flooding, tsunami, earthquake, volcano eruption, ice-storm, calamity, crisis, civil commotion, strikes, lock-outs, riot, public disorder, economic sanction, acts of government, declaration of a national or international emergency or war, outbreak or escalation of hostilities (whether or not war is declared), acts of war, acts of terrorism (whether or not responsibility has been claimed) or acts of God), severe or extended interruption in transportation, in or directly or indirectly affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan or any other jurisdiction in which any member of our Group conducts business (each a "**Relevant Jurisdiction**"); or

(ii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or

(iii) any change or development involving a prospective change, or any event or series of events likely to result in any change, or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency credit or market conditions (including, without limitation, any conditions affecting stock and bond markets, money and foreign exchange markets, investment markets and credit markets) in or affecting any Relevant Jurisdiction; or

(iv) any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ National Markets, the London Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or a devaluation of the HK$ or the RMB against any foreign currencies; or

(v) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of our Company or of any other members of our Group listed or quoted on a stock exchange or an over-the-counter market; or

(vi) any general moratorium on commercial banking activities in any Relevant Jurisdiction imposed by any competent governmental authority or any disruption in commercial banking, foreign exchange trading or securities settlement or clearance services in those places; or

(vii) any new law or any change or development involving a prospective change in existing laws, or any event or circumstance which might result in a change or development involving a prospective change in the existing laws, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(viii) (A) a change or development involving a prospective change in taxes or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the HK$ or the RMB against any foreign currencies, a change in the system under which the value of the HK$ is linked to that of the US$ or RMB is linked to any foreign currency or currencies), or (B) the implementation of any exchange control or taxation in any Relevant Jurisdiction adversely affecting an investment in the Shares; or

(ix) the issue or requirement to issue by our Company of a supplemental or amendment to, among other documents, this prospectus, the Application Forms or other documents in connection with the offer and sale of the Shares pursuant to the Companies Ordinance, the Companies (WUMP) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange or the SFC, in circumstances where the matter to be disclosed could, in the opinion of the Joint Bookrunners, adversely affect the marketing for or implementation of the Share Offer; or

(x) any change or development involving a prospective change which has the effect of materialisation of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(xi) any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, results of operations, positions or condition, financial, operational or otherwise, or performance of any member of our Group (including any litigation or claim of any third party being threatened or instigated against any member of our Group); or

(xii) any litigation, legal action, claim or legal proceeding of any third party being threatened or instigated against any member of our Group; or

(xiii) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(xiv) the chairman or chief executive officer of our Company vacating his office; or

(xv) a contravention by any member of our Group of the Listing Rules or applicable laws; or

(xvi) a prohibition on our Company for whatever reason from allotting, issuing or selling, as the case may be, any of the Offer Shares pursuant to the terms of the Share Offer; or

(xvii) a non-compliance of, among other documents, this prospectus, the Application Forms or any aspect of the Share Offer with the Listing Rules or any other applicable laws; or

(xviii) any demand by creditors for repayment of indebtedness or an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(xix) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or on, any Relevant Jurisdiction,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Bookrunners (1) is or will or is likely to be materially adverse to, or materially and prejudicially affects, the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, results of operations, positions or condition, financial, operational or otherwise, or performance of our Company or our Group as a whole or to any present or prospective Shareholders in its capacity as such, or (2) has or will have or is likely to result in a material adverse change on the success of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing, or (3) makes it or will make it or is likely to make it inadvisable or inexpedient or incapable or impracticable for the Share Offer to proceed or to market the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by, among other documents, this prospectus and the Application Forms, or (4) has or will have or is likely to have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable, inadvisable or impracticable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Bookrunners after the date of the Public Offer Underwriting Agreement:

(i) that any statement contained in, among other documents, this prospectus and/or the Application Forms and/or any announcement or advertisement issued by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, incomplete or misleading, or that any forecast, expression of opinion, intention or expectation expressed in, among other documents, this prospectus and/or the Application Forms and/or any announcements or advertisements, communications or other documents issued by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto) was, when it was made, not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, in any material respect; or

(ii) any contravention by any member of our Group or any Director of the Companies Ordinance, the Companies (WUMP) Ordinance, the PRC Company Law or the Listing Rules; or

(iii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Share Offer with the Listing Rules or any other applicable law or regulation; or

(iv) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement in any of the offering documents or constitute an omission therefrom; or

(v) any breach of any of the obligations of our Company, the executive Directors or the Controlling Shareholders or any of them under the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or

(vi) any event, act or omission which gives or is likely to give rise to any liability of our Company, the executive Directors or the Controlling Shareholders or any of them pursuant to the Public Offer Underwriting Agreement; or

(vii) any material adverse change or prospective material adverse change or development involving a prospective adverse change in the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, results of operations, positions or condition, financial, operational or otherwise, or performance of our Group as a whole; or

(viii) any breach or alleged breach of any of the warranties or undertakings of the Public Offer Underwriting Agreement, or any of (or any event rendering any of) the warranties or undertakings of the Public Offer Underwriting Agreement is (or would when repeated be) untrue, incorrect, incomplete or misleading; or

(ix) any litigation or dispute or potential litigation or dispute, which would materially affect the operation, financial condition or reputation of our Company or our Group or the composition of our Board; or

(x) that a significant portion of the orders in the book building process at the time when the Placing Underwriting Agreement is entered into have been withdrawn, terminated, cancelled or otherwise not fulfilled; or

(xi) that the grant or agreement to grant by the Listing Committee of the Listing on the Main Board of, and permission to deal on the Main Board in, the Shares in issue and to be issued pursuant to the Share Offer (the "**Admission**") is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(xii) that our Company withdraws this prospectus (or any other documents used in connection with the contemplated offer of the Shares) or the Share Offer; or

(xiii) that any expert whose consent is required for the issue of this prospectus with inclusion of its reports and/or letters (as the case may be) and references to its name in the form and context in which they appear has withdrawn its consent to the issue of this prospectus.

Undertakings to the Stock Exchange under the Listing Rules

By us

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, except pursuant to the Share Offer as described and contained in this prospectus, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the circumstances as permitted by Rules 10.08(1) to (5) of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company respectively that, save as permitted under Rule 10.07 of the Listing Rules, it/he shall not and shall procure that the relevant registered shareholder(s) shall not:

(a) in the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it/he is shown by this prospectus to be the beneficial owners; or

(b) in the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a Controlling Shareholder.

Each of our Controlling Shareholders has also undertaken to the Stock Exchange and our Company respectively that, within the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he will:

(a) when it/he pledges or charges any Shares beneficially owned by it/him in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of Shares so pledged or charged; and

(b) when it/he receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

Our Company shall also inform the Stock Exchange in writing as soon as it has been informed of the above matters (if any) by our Controlling Shareholders and disclose such matters by way of a public announcement to be published in accordance with the Listing Rules as soon as possible.

Undertakings pursuant to the Public Offer Underwriting Agreement

By us

Our Company has undertaken to each of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, during the First Six-Month Period, our Company will not, without the prior written consent of the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) or deposit any share capital or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) and (b) above; or

(d) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of the Shares or such other securities of our Company, or in cash or otherwise (whether or not such issue of the Shares or securities will be completed within such period), provided that the foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Reorganisation and the Share Offer. In the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the Second Six-Month Period, our Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company. Our Controlling Shareholders undertake to each of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters to procure our Company to comply with the undertakings set out above.

By our Controlling Shareholders

Each of our Controlling Shareholders has undertaken to each of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, without the prior written consent of the Joint Bookrunners (on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) he/it will not and, will procure that none of his/its affiliates will, during the First Six-Month Period: (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) provided that the restriction shall not apply to any pledge or charge of Shares by him or it in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan; or (iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) or (ii) above; or (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);

(b) he/it will not and, will procure that none of his/its affiliates will, during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (i), (ii) or (iii) in paragraph (a) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a Controlling Shareholder; and

(c) until the expiry of the Second Six-Month Period, in the event that he/it enters into any of the transactions specified in paragraphs (i), (ii) or (iii) in paragraph (a) above or offers to or agrees to or announces any intention to effect any such transaction, he/it will take all reasonable steps to ensure that such transaction, agreement or announcement, as the case may be, will not create a disorderly or false market in the securities of our Company.

Placing

In connection with the Placing, it is expected that the Company will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters. Under the Placing Underwriting Agreement, subject to the conditions set out therein, the Placing Underwriters would severally agree to procure purchasers for, or to purchase, the Placing Shares being offered pursuant to the Placing. In the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

Underwriting Commission and Expenses

The Underwriters are expected to receive a commission of 3.5% of the Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commission. Such commission payable to the Underwriters, together with the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Share Offer, is currently estimated to be approximately HK$37.0 million in aggregate (based on an Offer Price of HK$1.65 per Share, being the mid-point of the indicative Offer Price range of HK$1.50 to HK$1.80 per Share), which is to be borne by our Company.

In addition, our Company may, at our sole and absolute discretion, pay an incentive fee of not higher than 1.0% of the Offer Price of all the Offer Shares under the Share Offer to the Joint Bookrunners in recognition of their services.

INDEMNITY

Each of our Company, the Controlling Shareholders and the executive Directors has agreed to indemnify the Public Offer Underwriters against certain losses which the Public Offer Underwriters may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by each of our Company, the Controlling Shareholders and the executive Directors of the Public Offer Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their obligations under the relevant Underwriting Agreements, none of the Underwriters has any shareholding in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

OFFER PRICE AND PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$1.80 per Offer Share and is expected to be not less than HK$1.50 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum price of HK$1.80 per Share plus 1.0% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee amounting to a total of HK$3,636.28 for one board lot of 2,000 Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK$1.80, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further disclosure are set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

DETERMINING THE OFFER PRICE

The Offer Price is expected to be determined by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us on or before the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Wednesday, 4 December 2019 and in any event, no later than Wednesday, 11 December 2019.

The Offer Price will not be more than HK$1.80 per Offer Share and is expected to be not less than HK$1.50 per Offer Share. The Offer Price will be determined within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Bookrunners, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional, corporate and other investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and of our Company at **www.datamargin.com** notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with us, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the offer statistics as currently set out in the section headed "Summary" in this prospectus and any other financial information which may change materially as a result of such reduction.

In the absence of any notice being published on the websites of the Stock Exchange at **www.hkexnews.hk** and of our Company at **www.datamargin.com** of a reduction in the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the number of Offer Shares and/or the Offer Price, if agreed by us, will under no circumstances be fewer than the number of Offer Shares or be set outside the Offer Price range as stated in this prospectus.

If we are unable to reach agreement with the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Offer Price by Wednesday, 4 December 2019, being the Price Determination Date, and, in any event, if we are unable to reach agreement with the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Offer Price by Wednesday, 11 December 2019, the Share Offer will not become unconditional and will lapse immediately.

We expect to publish an announcement of the Offer Price, together with the level of indications of interest in the Placing and the level of applications in the Public Offer and the basis of allotment of the Public Offer Shares, on Thursday, 12 December 2019.

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer comprises the Public Offer and the Placing. We intend to make available initially up to 100,000,000 Shares under the Share Offer, of which 90,000,000 Shares will initially be conditionally placed pursuant to the Placing and the remaining 10,000,000 Shares will initially be offered to the public in Hong Kong at the Offer Price under the Public Offer (subject, in each case, to reallocation on the basis described below under "— The Public Offer").

Investors may apply for our Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for our Offer Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The Placing will involve selective marketing of our Shares to professional, institutional, corporate and other investors anticipated to have a sizeable demand for such Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional, corporate and other investors will be required to specify the number of our Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to the Price Determination Date.

Allocation of our Shares pursuant to the Placing will be determined by the Joint Bookrunners and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell, Shares, after the Listing. Such allocation is intended to result in a distribution of Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants, although the allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters in each case on a several basis, each being subject to the conditions set out under "— Conditions of the Public Offer". We entered into the Public Offer Underwriting Agreement and, subject to an agreement on the Offer Price between us and the Joint Bookrunners (for themselves and on behalf of the Underwriters), we expect to enter into the Placing Underwriting Agreement on or around Wednesday, 4 December 2019. The Public Offer Underwriting Agreement and the Placing Underwriting Agreement are expected to be conditional upon each other.

THE PUBLIC OFFER

The Public Offer is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set out in the Public Offer Underwriting Agreement) for the subscription in Hong Kong of initially 10,000,000 Shares at the Offer Price (representing approximately 10% of the total number of Shares initially available under the Share Offer). Subject to the reallocation of Shares between the Placing and the Public Offer, the Public Offer Shares will represent approximately 2.5% of our Company's enlarged issued share capital immediately after completion of the Share Offer.

The total number of our Offer Shares available under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offer and the Placing) is to be divided into two pools for allocation purposes (subject to adjustment of odd lot size): pool A and pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK$5,000,000.00 (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Offer Shares with an aggregate subscription price of more than HK$5,000,000.00 (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B. Applicants should be aware that applications in pool A and in pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. Applicants can only receive an allocation of the Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within pool A or pool B, and between the two pools, and any application for more than 5,000,000 Offer Shares (being 50% of the 10,000,000 Public Offer Shares initially available under the Public Offer) will be rejected. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the Placing, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the sole discretion of the Joint Bookrunners.

The allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment. If the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available under the Public Offer will be 30,000,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Share Offer. If the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Public Offer, then the number of Offer Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Offer Shares available under the Public Offer will be 40,000,000 Shares, representing approximately 40% of the Offer Shares initially available under the Share Offer. If the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then the number of Offer Shares to be reallocated to the Public Offer from the Placing will be increased, so that the total number of Offer Shares available under the Public Offer will be 50,000,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Share Offer. In each such case, the additional Shares reallocated to the Public Offer will be allocated equally (subject to adjustment of odd lot size) between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Joint Bookrunners deems appropriate.

In addition, if the Public Offer is not fully subscribed, the Joint Bookrunners will have the discretion (but shall not be under any obligation) to reallocate to the Placing all or any unsubscribed Public Offer Shares in such proportion and amounts as they deem appropriate. Conversely, the Joint Bookrunners may at their discretion reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

If (i) the Placing is fully subscribed or oversubscribed and the Public Offer is fully subscribed or oversubscribed by less than 15 times the number of Shares initially available for subscription under the Public Offer, or (ii) the Placing is undersubscribed and the Public Offer is fully subscribed or oversubscribed, the Joint Bookrunners may at their discretion reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer, provided that the total number of Public Offer Shares shall not be increased to more than 20,000,000 Shares, representing twice the number of Public Offer Shares initially available under the Public Offer and approximately 20% of the total number of Offer Shares initially available under the Share Offer, in accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, and the final Offer Price shall be fixed at HK$1.50 per Offer Share (being the low end of the indicative Offer Price range stated in this prospectus).

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Public Offer.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional on:

(a) the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Share Offer and such listing and permission not subsequently having been revoked prior to the commencement of dealings in our Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed between us and the Joint Bookrunners (for themselves and on behalf of the Underwriters);

(c) the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and

(d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Bookrunners, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective Underwriting Agreements,

in each case, on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

The consummation of the Public Offer is conditional upon, among other things, the Placing and the Public Offer becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and we will notify the Stock Exchange immediately. We will publish or cause to be published a notice of the lapse of the Public Offer on the websites of the Stock Exchange at **www.hkexnews.hk** and of our Company at **www.datamargin.com** on the next day following such lapse.

In case the Public Offer lapses, we will return all application monies to the applicants, without interest and on the terms set out under "How to Apply for the Public Offer Shares." In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker(s) or other bank(s) licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

THE PLACING

The number of Offer Shares to be initially offered for subscription or purchase under the Placing will be 90,000,000 Offer Shares, representing approximately 90% of the Offer Shares initially available under the Share Offer. The Placing is subject to the Public Offer being unconditional.

Pursuant to the Placing, the Placing Shares will be conditionally placed by the Placing Underwriters, or through selling agents appointed by them, with professional, institutional, corporate and other investors anticipated to have a sizeable demand for Shares in Hong Kong.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may require any investor who has been offered the Offer Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners so as to allow it to identify the relevant applications under the Public Offer and to ensure that such investor is excluded from any application of the Offer Shares under the Public Offer.

DEALING

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 13 December 2019, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 13 December 2019. The Shares will be traded on the Main Board in board lots size of 2,000 Shares each under the Company's stock code 3680.

UNDERWRITING ARRANGEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement, subject to agreement on the Offer Price between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date and subject to the other conditions set out in the paragraph headed "— Conditions of the Public Offer" in this section.

We expect, shortly after determination of the Offer Price on the Price Determination Date, to enter into the Placing Underwriting Agreement relating to the Placing.

UNDERWRITING ARRANGEMENTS, THE PUBLIC OFFER UNDERWRITING AGREEMENT AND THE PLACING UNDERWRITING AGREEMENT ARE SUMMARISED IN THE SECTION HEADED "UNDERWRITING" IN THIS PROSPECTUS.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via **HK eIPO White Form** service at **www.hkeipo.hk** or in the IPO App; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

(i) are 18 years of age or older;

(ii) have a Hong Kong address;

(iii) are outside the US and not a US person (within the meaning of Regulation S); and

(iv) are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Bookrunners may accept it at its discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

(i) an existing beneficial owner of Shares in the Company and/or any its subsidiaries;

(ii) a Director or chief executive officer of the Company and/or any of its subsidiaries;

(iii) an associate (as defined in the Listing Rules) of any of the above;

(iv) a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Share Offer; and

(v) have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk** or the IPO App.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Thursday, 28 November 2019, until 12:00 noon, Tuesday, 3 December 2019, from:

(i) any of the following offices of the Public Offer Underwriters:

China Tonghai Securities Limited
18/F–19/F China Building
29 Queen's Road Central
Hong Kong

Realord Asia Pacific Securities Limited
Suite 2402, 24/F, Jardine House
1 Connaught Place
Central
Hong Kong

Target Capital Management Limited
6th Floor
18 King Wah Road
North Point
Hong Kong

Wonderland International Securities Limited
20/F
No. 9 Des Voeux Road Central
Sheung Wan
Hong Kong

(ii) the following office of the Sole Sponsor:

Essence Corporate Finance (Hong Kong) Limited
39/F., One Exchange Square
Central
Hong Kong

(iii) any of the following branches of the receiving bank:

DBS Bank (Hong Kong) Limited

District	Branch Name	Address
Kowloon	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574–576 Nathan Road, Mongkok
	Yaumatei Branch	G/F & 1/F, 131–137 Woo Sung Street, Yau Ma Tei
New Territories	Tuen Mun Town Plaza — SME Banking Centre	Shop 23, G/F, Tuen Mun Town Plaza (II), 3 Tuen Lung Street, Tuen Mun
	Kwai Chung Branch	G/F, 1001 Kwai Chung Road, Kwai Chung

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m., Thursday, 28 November 2019, until 12:00 noon, Tuesday, 3 December 2019, from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — Suoxinda Holdings Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, 28 November 2019	**—**	**9:00 a.m. to 5:00 p.m.**
Friday, 29 November 2019	**—**	**9:00 a.m. to 5:00 p.m.**
Saturday, 30 November 2019	**—**	**9:00 a.m. to 1:00 p.m.**
Monday, 2 December 2019	**—**	**9:00 a.m. to 5:00 p.m.**
Tuesday, 3 December 2019	**—**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 3 December 2019, the last application day or such later time as described in "- 10. Effect of Bad Weather or Extreme Conditions on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise our Company and the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;

(ii) agree to comply with the Companies (WUMP) Ordinance, the Companies Ordinance and the Articles;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the in-formation and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, agents, affiliates or advisers or any other party involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

(viii) agree to disclose to our Company, the Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective directors, officers, employees, agents, affiliates or advisers or any other party involved in the Share Offer any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective directors, officers, employees, agents, affiliates or advisers or any other party involved in the Share Offer will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) and are not a U.S. person (as defined in Regulation S);

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "— 2. Who can Apply" in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk** or the IPO App.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website or in the IPO App. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website or the IPO App, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** or in the IPO App (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 28 November 2019 until 11:30 a.m. on Tuesday, 3 December 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 3 December 2019 or such later time under " — 10. Effect of Bad Weather or Extreme Conditions on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for the Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Bookrunners and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for the Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (WUMP) Ordinance, the Companies Ordinance and the Articles; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Public Offer Shares. Instructions for more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions(1)

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 28 November 2019	**—**	**9:00 a.m. to 8:30 p.m.**
Friday, 29 November 2019	**—**	**8:00 a.m. to 8:30 p.m.**
Monday, 2 December 2019	**—**	**8:00 a.m. to 8:30 p.m.**
Tuesday, 3 December 2019	**—**	**8:00 a.m. to 12:00 noon**

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 28 November 2019 until 12:00 noon on Tuesday, 3 December 2019 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 3 December 2019, the last application day or such later time as described in "— 10. Effect of Bad Weather or Extreme Conditions on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for the Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 3 December 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If:

- an application is made by an unlisted company;
- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk** or in the IPO App.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed "Structure and Conditions of the Share Offer — Determining the Offer Price" in this prospectus.

10. EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 3 December 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 3 December 2019 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Thursday, 12 December 2019 on our Company's website at **www.datamargin.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.datamargin.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 12 December 2019;
- from the designated results of allocations websites at **www.tricor.com.hk/ipo/result** and **www.hkeipo.hk/IPOResult** or the "Allotment Result" function in the IPO App with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 12 December 2019 to 12:00 midnight on Wednesday, 18 December 2019;

- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 12 December 2019 to Tuesday, 17 December 2019 (excluding Saturday, Sunday and Hong Kong public holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 12 December 2019 to Saturday, 14 December 2019 at all the receiving bank's designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. For further disclosure, please refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED ANY PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of the Public Offer Shares is void:

The allotment of the Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website or in the IPO App;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Bookrunners believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$1.80 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and Conditions of the Share Offer — Conditions of the Public Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 12 December 2019.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque(s), if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Thursday, 12 December 2019. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 13 December 2019 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 12 December 2019 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 12 December 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 12 December 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 12 December 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)

For the Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

If you are applying as a CCASS Investor Participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "— 11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m., Thursday, 12 December 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS phone system and CCASS Internet system.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 12 December 2019, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 12 December 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions on Thursday, 12 December 2019 in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of the Public Offer Shares

For the purposes of allocating the Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 12 December 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "— 11. Publication of Results" above on Thursday, 12 December 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 12 December 2019 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS phone system and the CCASS Internet system (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 12 December 2019. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 12 December 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor 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.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUOXINDA HOLDINGS LIMITED AND ESSENCE CORPORATE FINANCE (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Suoxinda Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-79, which comprises the consolidated statements of financial position as at 31 December 2016, 2017 and 2018 and 31 May 2019, the Company's statements of financial position as at 31 December 2018 and 31 May 2019, and the consolidated statements of 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 a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-79 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 November 2019 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

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 presentation and preparation set out in Notes 1.3 and 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.

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Reporting accountant's 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 accountant's 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 accountant considers 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 presentation and preparation set out in Notes 1.3 and 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 accountant's report, a true and fair view of the financial position of the Company as at 31 December 2018 and 31 May 2019 and the consolidated financial position of the Group as at 31 December 2016, 2017 and 2018 and 31 May 2019 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive income, changes in equity and cash flows for the five months ended 31 May 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the

Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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 12 to the Historical Financial Information which contains information about the dividends paid by the Group in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
28 November 2019

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 accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("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 COMPREHENSIVE INCOME

	Note	Year ended 31 December 2016	2017	2018	Five months ended 31 May 2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	5	170,404	139,386	185,549	41,254	67,790
Cost of sales	7	(131,631)	(92,925)	(122,472)	(28,080)	(39,202)
Gross profit		38,773	46,461	63,077	13,174	28,588
Selling expenses	7	(5,765)	(4,945)	(8,739)	(2,985)	(5,104)
Administrative expenses	7	(9,756)	(11,415)	(19,218)	(5,216)	(16,897)
Research and development expenses	7	(7,081)	(7,593)	(10,757)	(3,189)	(6,530)
Other income	6	424	1,905	3,526	2,356	1,809
Other gains/(losses), net	6	142	758	2,182	834	14
Operating profit		16,737	25,171	30,071	4,974	1,880
Finance income	9	28	60	662	110	71
Finance costs	9	(1,193)	(1,640)	(3,561)	(745)	(1,880)
Finance costs, net	9	(1,165)	(1,580)	(2,899)	(635)	(1,809)
Share of loss of an associate	22	—	—	—	—	(179)
Profit/(loss) before income tax		15,572	23,591	27,172	4,339	(108)
Income tax expenses	10	(2,043)	(2,714)	(4,529)	(545)	(1,176)
Profit/(loss) for the year/period		13,529	20,877	22,643	3,794	(1,284)
Attributable to:						
Owners of the Company		13,572	20,765	23,156	4,059	(1,284)
Non-controlling interests		(43)	112	(513)	(265)	—
		13,529	20,877	22,643	3,794	(1,284)

	Note	Year ended 31 December			Five months ended 31 May	
		2016	2017	2018	2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Other comprehensive income/(loss)						
Items that may be reclassified to profit or loss:						
— Currency translation differences		310	(374)	275	28	(166)
Total comprehensive income/(loss) for the year/period, net of tax		13,839	20,503	22,918	3,822	(1,450)
Total comprehensive income/(loss) for the year/period attributable to						
Owners of the Company		13,882	20,391	23,431	4,087	(1,450)
Non-controlling interests		(43)	112	(513)	(265)	—
		13,839	20,503	22,918	3,822	(1,450)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company:						
Basic and diluted earnings/(loss) per share *(Note)*	11	1,357	2,077	2,316	406	(128)

Note: The earnings per share presented above have not taken into account the proposed capitalisation issue pursuant to resolutions in writing of the shareholder passed on 15 November 2019 because the proposed capitalisation issue has not become effective as at the date of this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 May 2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property and equipment	13	15,083	15,678	17,663	17,069
Intangible assets	14	5,204	5,874	20,774	19,595
Right-of-use assets	15	2,079	1,654	5,521	4,130
Investment in an associate	22	—	—	—	221
Prepayment for property	21	—	—	20,000	30,000
Deferred tax asset	28	53	—	—	57
		22,419	23,206	63,958	71,072
Current assets					
Trade receivables	19	18,566	20,470	15,040	45,944
Contract assets	20	21,896	16,953	44,110	43,352
Prepayments	21	16	44	3,108	4,507
Other financial assets at amortised cost	21	744	797	3,341	2,837
Inventories	18	1,043	1,214	283	396
Financial assets at fair value through profit or loss	17	5,200	20,000	—	—
Pledged bank deposits	23	—	2,988	8,312	6,947
Cash and cash equivalents	23	27,912	40,935	44,266	13,778
		75,377	103,401	118,460	117,761
Total assets		97,796	126,607	182,418	188,833
EQUITY					
Equity attributable to the owners of the Company					
Share capital	24	—	—	—	—
Other reserves	25(a)	48,074	49,829	62,848	69,281
Retained earnings		14,397	28,036	13,016	11,732
		62,471	77,865	75,864	81,013
Non-controlling interests		57	169	—	—
Total equity		62,528	78,034	75,864	81,013

	Note	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 May 2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	28	—	247	51	—
Lease liabilities	30	1,214	365	4,266	2,843
Other borrowing	29	—	—	—	3,362
		1,214	612	4,317	6,205
Current liabilities					
Trade payables	26	5,963	9,288	11,855	11,806
Accruals and other payables	27	7,455	11,784	17,399	16,451
Contract liabilities	20	310	433	3,901	2,225
Current income tax liabilities		2,116	3,499	6,538	3,964
Lease liabilities	30	910	1,407	1,474	1,320
Bank and other borrowings	29	17,300	21,550	61,070	65,849
		34,054	47,961	102,237	101,615
Total liabilities		35,268	48,573	106,554	107,820
Total equity and liabilities		97,796	126,607	182,418	188,833
Net current assets		41,323	55,440	16,223	16,146
Total assets less current liabilities		63,742	78,646	80,181	87,218

STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2018	As at 31 May 2019
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Investment in a subsidiary		—	69,451
Current assets			
Prepayments	21(b)	—	2,739
Total assets		—	72,190
EQUITY			
Equity attributable to the owners of the Company			
Share capital	24	—	—
Other reserves	25(b)	—	69,451
Accumulated losses		—	(6,119)
Total equity		—	63,332
LIABILITIES			
Current liabilities			
Accruals and other payables		—	361
Amounts due to subsidiaries		—	8,497
Total liabilities		—	8,858
Total equity and liabilities		—	72,190

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Capital reserve	Exchange reserve	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 24)	*(Note 25a)*		*(Note 25a)*				
Balance at 1 January 2016	—	46,533	(17)	295	1,778	48,589	—	48,589
Profit/(loss) for the year	—	—	—	—	13,572	13,572	(43)	13,529
Other comprehensive income	—	—	310	—	—	310	—	310
Total comprehensive income for the year	—	—	310	—	13,572	13,882	(43)	13,839
Transaction with owners								
Transfer to statutory reserve *(Note 25a(iii))*	—	—	—	953	(953)	—	—	—
Capital injection from the non-controlling shareholders of a subsidiary *(Note 33)*	—	—	—	—	—	—	100	100
Balance at 31 December 2016	—	46,533	293	1,248	14,397	62,471	57	62,528
Balance at 1 January 2017	—	46,533	293	1,248	14,397	62,471	57	62,528
Profit for the year	—	—	—	—	20,765	20,765	112	20,877
Other comprehensive loss	—	—	(374)	—	—	(374)	—	(374)
Total comprehensive income for the year	—	—	(374)	—	20,765	20,391	112	20,503
Transaction with owners								
Transfer to statutory reserve *(Note 25a(iii))*	—	—	—	2,129	(2,129)	—	—	—
Dividends paid *(Note 12)*	—	—	—	—	(4,997)	(4,997)	—	(4,997)
Balance at 31 December 2017	—	46,533	(81)	3,377	28,036	77,865	169	78,034

	Attributable to owners of the Company							
	Share capital	Capital reserve	Exchange reserve	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 24)	*(Note 25a)*		*(Note 25a)*				
Balance at 1 January 2018	—	46,533	(81)	3,377	28,036	77,865	169	78,034
Profit for the year	—	—	—	—	23,156	23,156	(513)	22,643
Other comprehensive income	—	—	275	—	—	275	—	275
Total comprehensive income for the year	—	—	275	—	23,156	23,431	(513)	22,918
Transaction with owners								
Capital contribution to subsidiaries by equity holders of subsidiaries	—	10,087	—	—	—	10,087	—	10,087
Transfer to statutory reserve *(Note 25a(iii))*	—	—	—	2,657	(2,657)	—	—	—
Dividends paid *(Note 12)*	—	—	—	—	(35,075)	(35,075)	—	(35,075)
Transactions with non-controlling shareholders *(Note 33)*	—	—	—	—	(444)	(444)	344	(100)
Balance at 31 December 2018	—	56,620	194	6,034	13,016	75,864	—	75,864
Balance at 1 January 2019	—	56,620	194	6,034	13,016	75,864	—	75,864
Loss for the period	—	—	—	—	(1,284)	(1,284)	—	(1,284)
Other comprehensive loss	—	—	(166)	—	—	(166)	—	(166)
Total comprehensive loss for the period	—	—	(166)	—	(1,284)	(1,450)	—	(1,450)
Transaction with owners								
Capital contribution to subsidiary by an equity holder of subsidiary *(Note 25a(ii))*	—	4,167	—	—	—	4,167	—	4,167
Share-based compensation — non employee *(Note 25a(ii))*	—	2,432	—	—	—	2,432	—	2,432
Balance at 31 May 2019	—	63,219	28	6,034	11,732	81,013	—	81,013

	Attributable to owners of the Company							
	Share capital	Capital reserve	Exchange reserve	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 24)	*(Note 25a)*		*(Note 25a)*				
(Unaudited)								
Balance at 1 January 2018	—	46,533	(81)	3,377	28,036	77,865	169	78,034
Profit for the period	—	—	—	—	4,059	4,059	(265)	3,794
Other comprehensive income	—	—	28	—	—	28	—	28
Total comprehensive income for the period	—	—	28	—	4,059	4,087	(265)	3,822
Transaction with owners								
Capital contribution to subsidiaries by equity holders of subsidiaries	—	10,000	—	—	—	10,000	—	10,000
Dividends paid *(Note 12)*	—	—	—	—	(4,497)	(4,497)	—	(4,497)
Balance at 31 May 2018	—	56,533	(53)	3,377	27,598	87,455	(96)	87,359

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2018	Five months ended 31 May 2018	Five months ended 31 May 2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from operating activities						
Cash generated from/(used in) operations	31	30,423	38,879	17,261	(25,258)	(25,214)
Income tax paid		(885)	(1,031)	(1,686)	(1,086)	(3,858)
Net cash generated from/(used in) operating activities		29,538	37,848	15,575	(26,344)	(29,072)
Cash flows from investing activities						
Purchase of property and equipment		(578)	(1,571)	(2,906)	(17)	(478)
Prepayment for property	21	—	—	(20,000)	—	(10,000)
Purchase of intangible assets		(3,488)	(2,461)	(12,614)	—	(870)
Purchase of short-term investments and equity investments measured at fair value through profit or loss	17	(46,600)	(166,600)	(51,100)	(47,250)	(1,000)
Proceeds from disposal of short-term investments and equity investments measured at fair value through profit or loss	17	41,545	152,561	71,151	28,554	3,164
Interests received	9	28	60	662	110	71
Net cash used in investing activities		(9,093)	(18,011)	(14,807)	(18,603)	(9,113)
Cash flows from financing activities						
Dividends paid	12	—	(4,997)	(35,075)	(4,497)	—
Interests paid		(1,081)	(1,493)	(3,257)	(706)	(1,641)
(Increase) in pledged bank deposits and other deposits	29	—	(2,988)	(5,324)	(3,037)	(135)
Capital injection from non-controlling shareholders	33	100	—	—	—	—
Acquisition of non-controlling shareholders	33	—	—	(100)	—	—
Capital contribution to a subsidiary by equity holders of a subsidiary		—	—	10,000	10,000	4,167
Payment for listing expenses		—	—	(1,192)	—	(1,624)
Repayment of lease liabilities	31	(966)	(1,397)	(2,209)	(491)	(1,060)
Proceeds from other borrowing	31	—	—	—	—	7,700
Repayment of other borrowing	31	—	—	—	—	(703)
Proceeds from bank borrowings	31	18,500	31,950	73,799	46,099	47,516
Repayment of bank borrowings	31	(20,200)	(27,700)	(34,279)	(14,970)	(46,480)
Net cash (used in)/generated from financing activities		(3,647)	(6,625)	2,363	32,398	7,740
Net increase/(decrease) in cash and cash equivalents		16,798	13,212	3,131	(12,549)	(30,445)
Cash and cash equivalents at beginning of the year/period		11,050	27,912	40,935	40,935	44,266
Effect of currency translation differences		64	(189)	200	30	(43)
Cash and cash equivalents at end of the year/period		27,912	40,935	44,266	28,416	13,778

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Suoxinda Holdings Limited (the "Company") is a limited company incorporated in the Cayman Islands on 6 December 2018 as an exempted company. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are engaged in provision of data solutions, sales of hardware and software and related services as an integrated service, and information technology ("IT") maintenance and support services (the "Listing Business").

Mr. SONG Hongtao ("Mr. Song") is the ultimate controlling shareholder of the Company as of the date of this report.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was mainly carried out by Shenzhen Suoxinda Data Technology Co. Ltd. ("Suoxinda Shenzhen") and its subsidiaries (collectively the "Operating Companies"). Before the completion of the Reorganisation, the Operating Companies were controlled by Mr. Song.

In preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Operating Companies underwent the Reorganisation by inserting a new holding company and intermediate holding companies to the Listing Business. The following transactions were carried out:

1.2.1 Incorporation of the Company

On 6 December 2018, the Company was incorporated in the Cayman Islands and allotted and issued one share to the initial subscriber, which was transferred to Mindas Touch Global Limited ("Mindas Touch"), the holding vehicle of Mr. Song. On the same date, 6,535, 1,453, 1,134, 185, 92 and 600 shares were allotted and issued to Mindas Touch, Ideal Treasure Holdings Limited ("Ideal Treasure"), Thousand Thrive Investments Limited ("Thousand Thrive"), Benefit Ocean Holdings Limited ("Benefit Ocean"), Enlighten Peak Limited ("Enlighten Peak") and Grand Flourishing Investments Limited ("Grand Flourishing"), respectively, which are held by the ultimate shareholders of the Company.

1.2.2 Incorporation of the Prophet Technology Limited ("Prophet Technology") and Blue Whale AI Technology Co., Limited ("Blue Whale")

On 28 November 2018, Prophet Technology was incorporated in the BVI. At the same date, 6,953, 1,546, 1,207, 196 and 98 shares of 1 United States Dollar ("USD") each were allotted and issued at par to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean and Enlighten Peak, respectively.

On 13 December 2018, Blue Whale was incorporated in Hong Kong with limited liability. On the same date, 10,000 shares of 1 Hong Kong Dollar ("HKD") each were allotted and issued to Prophet Technology and Blue Whale became a wholly owned subsidiary of Prophet Technology.

1.2.3 Share subscription of Suoxinda Shenzhen by Hongkong Hongsheng Investment Co., Limited ("Hongkong Hongsheng")

Pursuant to an agreement among Suoxinda Shenzhen, its shareholders and Hongkong Hongsheng, Hongkong Hongsheng subscribed for the registered capital of Suoxinda Shenzhen of RMB3,578,394 at the consideration of RMB4,167,040 or in equivalent foreign currency. After the subscription and the settlement of the newly registered capital on 16 January 2019, Hongkong Hongsheng held 6% of the equity interests in Suoxinda Shenzhen. Hongkong Hongsheng is ultimately owned by Mr. Chen Lin.

1.2.4 Further issuance of shares by Prophet Technology

On 8 February 2019, Prophet Technology allotted and issued 6,953, 1,546, 1,207, 196 and 98 new shares to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean and Enlighten Peak at the subscription price of HKD17,703,840, HKD3,935,456, HKD3,072,380, HKD499,574 and HKD249,537, respectively, and all the subscription amounts were settled on the same date.

On 18 February 2019, Prophet Technology allotted and issued 6,953, 1,546, 1,207, 196 and 98 new shares to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean and Enlighten Peak at the subscription price of HKD17,673,577, HKD3,928,729, HKD3,067,128, HKD498,720 and HKD249,111, respectively, and all the subscription amounts were settled on the same date.

On 22 February 2019, Prophet Technology further allotted and issued 6,953, 1,546, 1,207, 196 and 98 new shares to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean and Enlighten Peak at the subscription price of HKD17,568,560, HKD3,872,754, HKD3,011,402, HKD452,389 and HKD251,600, respectively, and all the subscription amounts were settled on the same date.

1.2.5 Acquisition of Suoxinda Shenzhen and Hongkong Hongsheng by Blue Whale

On 11 January 2019, Blue Whale and Mr. Song and the other shareholders entered into a share transfer agreement. Pursuant to the said agreement, on 22 February 2019, Blue Whale completely acquired and settled 94% of the equity interests in Suoxinda Shenzhen from Mr. Song and the other shareholders at an aggregate consideration of RMB65,284,072 or in equivalent foreign currency.

On 25 February 2019, Grand Flourishing (shareholder of Hongkong Hongsheng), and Blue Whale entered into an instrument of transfer, pursuant to which Blue Whale acquired 10,000 shares of Hongkong Hongsheng from the Grand Flourishing at a nominal consideration of HKD6.

1.2.6 Acquisition of the Prophet Technology by the Company through share swap

On 25 February 2019, Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean, Enlighten Peak and the Company entered into an instrument of transfer, pursuant to which the Company acquired 27,812, 6,184, 4,828, 784 and 392 shares of Prophet Technology (in aggregate representing 100% of the issued share capital of Prophet Technology) from each of these companies. Since then, the Company becomes the holding company of Prophet Technology. Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

Upon the completion of the Reorganisation and as at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Company name	Country/place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Effective interest held				As at the date of this report	Principal activities	Note
			As at 31 December			As at 31 May			
			2016	2017	2018	2019			
Directly held subsidiaries									
Prophet Technology (先知科技有限公司)	BVI, 28 November 2018	USD50,000	N/A	N/A	N/A	100%	100%	Investment holding	(a)
Indirectly held subsidiaries									
Blue Whale (藍鯨智能科技有限公司)	Hong Kong, 13 December 2018	HKD10,000	N/A	N/A	N/A	100%	100%	Investment holding	(a)
Hongkong Hongsheng (香港泓盛投資有限公司)	Hong Kong, 12 October 2018	HKD10,000	N/A	N/A	N/A	100%	100%	Investment holding	(a)
Suoxinda Shenzhen (深圳索信達數據技術股份有限公司)	The People's Republic of China ("PRC"), 25 March 2004	RMB59,639,894	100%	100%	100%	100%	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services	(b)
Suoxinda Beijing (索信達(北京)數據技術有限公司)	PRC, 13 October 2016	RMB20,000,000	60%	60%	100%	100%	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services	(c)
Sourcing Industrial Development (HK) Co. Limited (索信實業發展(香港)有限公司)	Hong Kong, 23 February 2006	HKD10,000	100%	100%	100%	100%	100%	Provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services	(d)

Company name	Country/place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Effective interest held As at 31 December 2016	2017	2018	As at 31 May 2019	As at the date of this report	Principal activities	Note
Datamargin (Hong Kong) Co., Ltd. (捷客數據(香港)有限公司)	Hong Kong, 14 September 2015	HKD100,000	100%	100%	100%	100%	100%	Investment holding and provision of data solutions, sales of hardware and software and related services as an integrated service, and IT maintenance and support services	(e)

Notes:

(a) No audited financial statements for these subsidiaries now comprising the Group were available for the years ended 31 December 2016, 2017 and 2018 as they were newly incorporated in 2018.

(b) The statutory financial statements of this company for the years ended 31 December 2016, 2017 and 2018 were audited by Zhongxingcai Guanghua Certified Public Accountants LLP (中興財光華會計師事務所) and GP Certified Public Accountants LLP (廣東正中珠江會計師事務所) respectively.

(c) The statutory financial statements of this company for the years ended 31 December 2016, 2017 and 2018 were audited by Beijing Hengchengyongxin Certified Public Accountants* (北京恒誠永信會計師事務所) and GP Certified Public Accountants (廣東正中珠江會計師事務所) respectively.

(d) The statutory financial statements of this company for the years ended 31 July 2016, 2017 and 2018 were audited by Cheung Wai Lun Certified Public Accountant.

(e) The statutory financial statements of this company for the years ended 28 February 2016, 2017 and 2018 were audited by Cheung Wai Lun Certified Public Accountant.

* *The English name of the company referred above represents the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.*

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business was held by the Operating Companies. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. Accordingly, the Reorganisation has been accounted for as a recapitalisation of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. The consolidated statements of financial position, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period have been prepared as if the current group structure had been in existence throughout the Track Record Period presented or since the respective dates when these companies first came under the control of the controlling shareholder of the companies, whichever is the shorter period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") and related interpretations.

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets which are carried at fair value.

The preparation of Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All effective standards, amendments to standards and interpretations, including IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers", which are mandatory for the financial year beginning on 1 January 2018, and IFRS 16 "Leases", which is mandatory for the financial year beginning on 1 January 2019, have been consistently applied to the Group throughout the Track Record Period.

2.1.1 Changes in accounting policies and disclosures

New standards, amendments and interpretations to existing standards not yet adopted by the Group

The following are new standards, amendments and interpretations to existing standards that have been issued but not yet effective for the Track Record Period and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
IFRS 3 (Amendments)	Definition of Business	1 January 2020
IAS 1 and IAS 8 (Amendments)	Definition of Material	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	To be determined

The Group is in the process of making an assessment of the impact of these new standards, amendments and interpretation to existing standards upon initial application but not yet in a position to state whether these new standards, amendments and interpretations to existing standards would have any significant impact on its results and operations and financial position.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, statements of changes in equity and statements of financial position, respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(c) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

(d) Changes with ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable standards.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combination

The Group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprised the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend 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 period the dividend is declared or if the carrying amount of the investment in the separate financial information exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the directors of the Company who make strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Historical Financial Information is presented in RMB, which is the Company's functional currency and the Company's and the Group's presentation currency.

(b) Transaction 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 at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income within "other gains/(losses), net".

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- capital balances for each consolidated statement of financial position presented are translated at the historical rate at the transaction date;
- all other assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the period-end date;
- income and expenses for each consolidated statement of comprehensive income are translated at average rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and included within the exchange reserve.

On the disposal of the Group's entities, or a disposal involving loss of control over a subsidiary, all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the Company's equity holders are reclassified to the profit or loss.

2.7 Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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 the replaced part is derecognised. All repairs and maintenance are charged in profit or loss during the Track Record Period in which they are incurred.

Depreciation of property and equipment are calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

Building	20 years
Furniture and equipment	3 to 5 years
Motor vehicles	4 to 5 years

The assets' 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 2.9).

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amounts of the relevant assets and are recognised within "other gains/(losses), net" in the consolidated statements of comprehensive income.

2.8 Intangible assets

(a) Computer software

Computer software is stated at cost less accumulated amortisation and impairment. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised over their estimated useful lives of one to five years using the straight-line method.

(b) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised 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.

For the purpose of impairment testing, 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. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(c) Research and development expenditures

Costs associated with research and development are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. There were no development costs meeting these criteria and capitalised as intangible assets during the Track Record Period.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are amortised from the point at which the assets are ready for use on a straight-line basis over their useful lives.

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised 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 other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is managed. 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 fair value through other comprehensive income. See Note 16 for details of financial asset.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.10.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

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:

- Amortised 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 amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

- Fair value through other comprehensive income ("FVOCI"): 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 FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains/(losses), net". Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses and impairment expenses are presented in "other gains/(losses), net".

- Fair value through profit or loss ("FVTPL"): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. 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 recognised in profit or loss and presented net in the consolidated statements of comprehensive income within "other gains/(losses), net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, 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 recognised 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 fair value through profit or loss are recognised in the consolidated statements of comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.10.3 Impairment

The Group has five types of assets subject to IFRS 9's new expected credit loss model:

- Trade receivables;
- Contract assets;
- Other financial assets at amortised cost;
- Pledged bank deposits; and
- Cash and cash equivalents

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other financial assets at amortised cost, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

For cash and cash equivalents and pledged bank deposits, it is also subject to the impairment requirements under IFRS 9, yet the identified impairment loss is immaterial because the Group only transacts with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC (Note 3.1(b)).

2.10.4 Derecognition

Financial assets

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

Other financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.10.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are also arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. It excludes borrowing costs. Net realisable 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.

2.12 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customers. The combination of those rights and performance obligations give rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligation. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Contract assets are assessed for expected credit losses in accordance with the policy set out in Note 2.10.3 and are reclassified to receivables when the right to the consideration has become unconditional.

2.13 Trade receivables and other financial assets at amortised cost

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables and other financial assets at amortised cost is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other financial assets at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 2.10 for a description of the Group's impairment policy for trade and other financial assets at amortised cost.

2.14 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks.

2.15 Pledged bank deposits

Pledged deposits represented fixed deposits pledged to the bank for bank borrowings.

2.16 Share capital

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.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised 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 capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 the end of the reporting period.

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statements of comprehensive income in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

2.20 Current and deferred income tax

The tax expense for the year/period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, 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 tax liabilities are not recognised if they arise from initial recognition of goodwill. The deferred income tax is 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority and when there is an intention to settle the balances on a net basis.

2.21 Provisions

Provisions are only recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Employee social security and benefits obligations

The Group companies in the Mainland China participate in defined contribution retirement plans and other employee social security plans, including pension, medical, other welfare benefits, organised and administered by the relevant governmental authorities for employees in the Mainland China. The Group contributes to these plans based on certain percentages of the total salary of employees, subject to a certain ceiling, as stipulated by the relevant regulations.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. 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 the reporting period are discounted to their present value.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.23 Revenue recognition

Revenue is recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may transfer over time or at a point in time.

Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- 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.

If service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains the service.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- Direct measurements of the value transferred by the Group to the customer; or

- The Group's efforts or inputs to the satisfaction of the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a practical expedient, the Group does not adjust any of the transaction prices for the time value of money.

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 is a principal who obtains control any of the following: (i) a good or another asset from the other party that the Group then transfers to the customer; (ii) a right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf; (iii) a good or service from the other party that the Group then consolidates with other goods or services in providing the specified good or service to the customer. If control is unclear, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from products sold or services provided.

The following is a description of the accounting policy for the principal revenue streams of the Group.

(a) Data solutions

Data solutions refer to data-driven operation services, including software development, data analysis, system integration and customisation, integration, storage, cleaning and processing of data and consulting services etc. Services are provided to the customers under separate contracts.

Revenue from data solutions is recognised when the Group has provided the promised service. The customer simultaneously receives and consumes the benefits provided by the Group over the period. The performance obligation is satisfied over time which is usually within one year with reference to the Group's inputs to the satisfaction of the performance obligation of the projects.

(b) Sales of hardware and software and related services as an integrated service

The Group provides multiple deliverables to customers, including on site investigation, assessment of system specifications and requirement, sales of hardware and software (including self-developed products), installation of equipment and software. It is accounted for as a single performance obligation since the Group provides an integrated service.

Revenue rendering from the sales of hardware and software and related services are recognised at a point when the sales and the related services are completed without further unfulfilled obligation.

(c) IT maintenance and support services

The provision of the IT maintenance and support services mainly includes the information technology integration services to the customer. Revenue from IT maintenance and support services is recognised in the accounting period when the Group provides the service and all of the benefits are received and consumed simultaneously by the customer throughout the contract period. Thus, the Group satisfies a performance obligation and recognises revenue over time with reference to the actual service period passed relative to the total contract period and the Group has present right to payment.

2.24 Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.26 Leases

The Group leases various properties. Rental contracts are typically made for fixed periods of 2 to 5 years. Leases are recognised as right-of-use assets and corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the assets useful lives and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivables.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct cost; and
- Restoration costs.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise small items of property lease.

2.27 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's Historical Financial Information in the period in which the dividends are approved by the Company's or operating Companies' shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management approach 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

The Group operates principally in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the HKD and the USD. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective entity's functional currency.

During the Track Record Period, the foreign exchange risks on financial assets and liabilities denominated in HKD and USD were insignificant to the Group.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its bank and other borrowings, lease liabilities, cash and cash equivalents, pledged bank deposits and also bank wealth management products. Except for some bank and other borrowings and lease liabilities which are entitled to fixed interest rates and expose the Group to the fair value interest rate risk, other bank borrowings, cash and cash equivalents and pledged bank deposits are carried at variable rates.

As at 31 December 2016, 2017 and 2018, if the market interest rates had been 50 basis points higher or lower with all other variables held constant, the impact on the Group's post-tax profit for the year would have been approximately RMB119,000, RMB151,000 and RMB146,000 higher/lower.

As at 31 May 2019, if the market interest rates had been 50 basis points higher or lower with all other variables held constant, the impact on the Group's post-tax loss for the period would have been approximately RMB28,000 lower/higher.

(b) Credit risk

The credit risk of the Group mainly arises from cash at bank, pledged bank deposits, bank wealth management products, trade receivables and other financial assets at amortised cost. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage risk arising from cash at bank, pledged bank deposits and bank wealth management products, the Group only transacts with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit quality of the customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables due from them, the directors believe that the credit risk inherent in the Group's outstanding trade receivable balances due from them is not significant.

For other financial assets at amortised cost, the Group has taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other financial assets at amortised cost, as well as the loss upon default in each case. The directors considered that the lifetime expected credit losses allowance is insignificant.

(c) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, the Group's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the consolidated statements of financial position to the contractual maturity date. 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 not significant.

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2016				
Trade payables	5,963	—	—	5,963
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	282	—	—	282
Lease liabilities	1,011	1,011	252	2,274
Bank borrowings and interest payments	18,212	—	—	18,212
	25,468	1,011	252	26,731
As at 31 December 2017				
Trade payables	9,288	—	—	9,288
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	842	—	—	842
Lease liabilities	1,474	369	—	1,843
Bank borrowings and interest payments	22,063	—	—	22,063
	33,667	369	—	34,036
As at 31 December 2018				
Trade payables	11,855	—	—	11,855
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	7,633	—	—	7,633
Lease liabilities	1,779	1,346	3,400	6,525
Bank borrowings and interest payments	62,158	—	—	62,158
	83,425	1,346	3,400	88,171
As at 31 May 2019				
Trade payables	11,806	—	—	11,806
Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	7,833	—	—	7,833
Lease liabilities	1,536	1,613	1,400	4,549
Bank and other borrowings and interest payments	68,165	3,490	—	71,655
	89,340	5,103	1,400	95,843

3.2 Capital risk 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 shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank and other borrowings and lease liabilities less cash and cash equivalents and pledged bank deposits. Total capital is calculated as "equity", as shown in the consolidated statements of financial position.

The debt-to-equity ratios in the Track Record Period were as follows:

	As at 31 December			As at 31 May
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings *(Note 29)*	17,300	21,550	61,070	69,211
Lease liabilities *(Note 30)*	2,124	1,772	5,740	4,163
Less: Cash and cash equivalents *(Note 23)*	(27,912)	(40,935)	(44,266)	(13,778)
Pledged bank deposits *(Note 23)*	—	(2,988)	(8,312)	(6,947)
Net (cash)/debt	(8,488)	(20,601)	14,232	52,649
Total equity	62,528	78,034	75,864	81,013
Debt-to-equity ratio	N/A	N/A	0.19	0.65

The increase in gearing ratio for the year ended 31 December 2018 and 31 May 2019 resulted primarily from increase in bank and other borrowings (Note 29) and lease liabilities (Note 30).

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2016 and 2017, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value as at 31 December 2016 and 2017. There are no assets measured at fair value as at 31 December 2018 and 31 May 2019.

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2016				
Assets				
Financial assets at fair value through profit or loss *(Note 17)*	—	—	5,200	5,200
As at 31 December 2017				
Assets				
Financial assets at fair value through profit or loss *(Note 17)*	—	—	20,000	20,000

There were no transfers among different categories during the Track Record Period.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Since all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Financial assets at fair value through profit or loss	Fair value				Valuation technique	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
	As at 31 December			As at 31 May				
	2016	2017	2018	2019				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*				
Debt instruments	—	20,000	—	—	Discounted cash flow *Note (a)*	Discount rate	6.5%	The higher the discount rate, the lower the fair value
Unlisted equity	5,200	—	—	—	Allocated net asset value *Note (b)*	Investment holding	N/A	The higher the net asset value, the higher the fair value

Notes:

(a) The fair values of the debt instruments were determined by using discounted cash flow model with the major unobservable input being the discount rate of 6.5%. If the discount rate shifted downward by 1%, the post-tax profit would be approximately RMB161,000 higher. The higher the discount rate, the lower the fair values and the lower the post-tax profit would become.

(b) The Group has determined that the reported net asset value approximates the fair value of the unlisted equity acquired in November 2016 at the end of the reporting period. As at 31 December 2016, the underlying assets of the unlisted equity would primarily consisting of cash and cash equivalents in which the fair value approximates to the carrying value as at 31 December 2016.

Management of the Group considers that the carrying amount of other financial assets and financial liabilities recorded at amortised cost in the consolidated statements of financial position was approximate to their fair values due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision for impairment of trade receivables, contract assets and other financial assets at amortised cost

The Group follows the guidance of IFRS 9 to determine when trade receivables, contract assets and other financial assets at amortised cost are impaired. This determination requires significant judgement and estimation. In making this judgement and estimation, the Group evaluates, among other factors, the duration of receivables and the financial health collection history of individual debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macroeconomic indicators etc.

(b) Current and deferred income taxes

The Company is subject to income taxes in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

For temporary differences which give rise to deferred tax assets, the Group assesses the likelihood that the deferred income tax assets could be recovered. Deferred tax assets are recognised based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

(c) Useful lives of property and equipment, intangible assets and right-of-use assets

The Group's management determines the estimated useful lives, and related depreciation expense for its property and equipment, intangible assets and right-of-use assets. This estimate is based on the historical experience of the actual useful lives of property and equipment, intangible assets and right-of-use assets of similar nature and functions. Management will increase the depreciation expenses where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Period review could result in a change in depreciable lives and therefore depreciation expense in future periods.

5 REVENUE AND SEGMENT INFORMATION

	Year ended 31 December			Five months ended 31 May	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue					
— Data solutions	51,465	39,569	86,696	11,287	41,850
— Sales of hardware and software and related services as an integrated service	86,970	70,877	60,851	14,551	12,908
— IT maintenance and support services	31,969	28,940	38,002	15,416	13,032
	170,404	139,386	185,549	41,254	67,790
Timing of revenue recognition					
— At a point in time	86,970	70,877	60,851	14,551	12,908
— Over time	83,434	68,509	124,698	26,703	54,882
	170,404	139,386	185,549	41,254	67,790

The chief operating decision-maker ("CODM") has been identified as the directors of the Group. The directors of the Group regard the Group's business as a single operating segment and review consolidated financial statements accordingly. As the Group has only one operating segment qualified as reporting segment under IFRS 8 and the information that regularly reviewed by the directors of the Group for the purposes of allocating resources and assessing performance of the operating segment is the financial statements of the Group, no separate segmental analysis is presented in the Historical Financial Information.

The amounts provided to the directors of the Group with respect to total assets and total liabilities are measured in a manner consistent with that in the consolidated statements of financial position.

Revenue from external parties contributing 10% or more of the total revenue of the Group is as follows:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Customer A	39,995	34,254	*	*	*
Customer B	25,179	*	*	*	13,391
Customer C	*	*	18,542	*	*
Customer D	*	*	*	6,377	*

* *represents the amount of revenue from such customer which is less than 10% of the total revenue of that year/period.*

The Group's revenue by geographical locations (as determined by the area or country in which the Group operates) is analysed as follows:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
The PRC	142,165	138,741	179,642	37,445	62,236
Hong Kong	28,239	645	5,907	3,809	5,554
	170,404	139,386	185,549	41,254	67,790

All the Group's non-current assets are located in the PRC.

For the Group's provision of data solutions and the sales of hardware and software and related services as an integrated service, contracts are for periods of one year or less. For the Group's IT maintenance and support services, the Group bills the amount for each hour of service provided, therefore, the Group use "right to invoice" practical expedient to recognise revenue in the amount to which the Group has a right to invoice. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts are not disclosed.

6 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

An analysis of other income and other gains/(losses), net is as follows:

	Year ended 31 December			Five months ended 31 May	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other income:					
Government grants *(Note i)*	424	1,905	3,526	2,356	1,809
Other gains/(losses), net:					
Fair value gains on short-term investments and equity investments *(Note 17)*	145	761	2,213	945	2
Loss on disposal of property and equipment *(Note 31)*	—	(3)	(24)	—	(5)
Gain on remeasurement of lease *(Note 31)*	—	—	—	—	234
Others	(3)	—	(7)	(111)	(217)
	142	758	2,182	834	14

Note:

(i) Government grants are mainly related to unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving incentive to enterprises engaging in research and development activities and refund of the value-added-tax ("VAT") under the "immediate refund of VAT levied" policy.

7 EXPENSES BY NATURE

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Material costs	91,146	56,178	53,043	14,622	5,828
Employee benefit expenses (including directors' emoluments) *(Note 8)*	32,694	40,345	46,205	15,663	24,701
Subcontracting service fee	19,110	7,831	36,950	2,765	16,570
Listing expenses	—	—	4,975	—	6,115
Entertainment and travelling expenses	2,037	2,459	2,955	844	1,246
Amortisation of intangible assets *(Note 14)*	896	1,791	2,869	892	2,049
Operating lease rental payments	107	417	535	205	1,020
Depreciation of right-of-use assets *(Note 15)*	874	1,323	2,006	473	977
Promotion expenses	783	1,021	2,661	890	1,829
Consulting service fee	—	—	1,910	420	—
Office expenses	1,513	1,391	1,872	645	455
Depreciation of property and equipment *(Note 13)*	958	973	1,211	501	753
Other taxes	585	1,113	1,066	222	235
Legal and professional fees	1,452	747	992	248	981
Auditor's remuneration					
— Audit services	308	298	23	3	16
Provision for impairment of trade receivables *(Note 19)*	404	75	142	769	767
Share-based compensation — non employee *(Note i)*	—	—	—	—	2,432
Others	1,366	916	1,771	308	1,759
Total cost of sales, selling, administrative and research and development expenses	154,233	116,878	161,186	39,470	67,733

Note:

(i) During the Reorganisation, one investor acquired 6% equity interests of a subsidiary of the Group in January 2019 for a cash consideration of approximately RMB4,167,000. The excess of fair value of the equity interests issued as of the issuance date over the cash consideration received by RMB2,432,000 and the difference was directly charged to the consolidated statements of comprehensive income for the five months ended 31 May 2019 given no vesting conditions existed.

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries, bonuses, fees and allowances	28,657	35,559	40,860	13,968	20,982
Pension costs *(Note i)*	559	689	757	258	696
Social security costs and other employee benefits	3,478	4,097	4,588	1,437	3,023
	32,694	40,345	46,205	15,663	24,701

Note:

(i) As stipulated by the rules and regulations in the PRC, the subsidiaries operating in the PRC contribute to state-sponsored retirement plans for its employees during the Track Record Period. The employees contribute approximately 8% of their basic salaries, while the subsidiaries contribute approximately 13–14% of the basic salaries of its employees and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 1, nil, nil, nil and nil director for the years ended 31 December 2016, 2017 and 2018 and five months ended 31 May 2018 and 2019, respectively. Emoluments of the director are reflected in the analysis presented in Note 36. The emoluments payable to the remaining 4, 5, 5, 5 and 5 individuals for the years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2018 and 2019 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries, bonuses, fees and allowances	1,272	2,076	2,672	856	1,164
Pension costs	9	28	34	5	24
Social security costs and other employee benefits	25	176	207	53	78
	1,306	2,280	2,913	914	1,266

The emoluments fell within the following bands:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
				(Unaudited)	
Emolument bands					
Nil to HKD500,000	4	3	—	5	5
HKD500,001 to HKD1,000,000	—	2	5	—	—

9 FINANCE COSTS, NET

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Finance income					
— Interest income on bank deposits	28	60	662	110	71
Finance costs					
— Interest expense on bank and other borrowings	(1,081)	(1,493)	(3,257)	(704)	(1,749)
— Finance charges on lease liabilities	(112)	(147)	(304)	(41)	(131)
	(1,193)	(1,640)	(3,561)	(745)	(1,880)
Finance costs, net	(1,165)	(1,580)	(2,899)	(635)	(1,809)

10 INCOME TAX EXPENSES

The amount of income tax expenses recorded in the consolidated statements of comprehensive income represents:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current income tax					
— Hong Kong profits tax	698	—	330	21	81
— PRC enterprise income tax	1,398	2,414	4,395	581	1,203
Deferred income tax *(Note 28)*	(53)	300	(196)	(57)	(108)
Income tax expenses	2,043	2,714	4,529	545	1,176

(i) Hong Kong profits tax

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% during the Track Record Period.

(ii) PRC enterprise income tax

On 16 March 2007, the National People's Congress approved the Enterprise Income Tax Law of the People's Republic of China (the new "EIT Law"). The new EIT Law was effective from 1 January 2008. Pursuant to detailed measures of the new EIT Law, the EIT rate of both domestic enterprise and foreign investment enterprise is 25% from 1 January 2008 onwards.

Suoxinda Shenzhen was recognised by relevant PRC authorities as National High and New Technological Enterprise ("NHNTE") and was entitled to a preferential EIT rate of 15% from 2014 to 2016 and was further renewed from 2017 to 2019.

Pursuant to CaiShui [2017] No.43, qualified small and micro-enterprises with annual assessable revenue below RMB500,000 (inclusive) enjoy 50% reduction of assessable revenue and an EIT rate of 20% in 2017. Suoxinda Beijing was a small and micro-enterprise with low profitability in 2017, hence it enjoys 50% reduction of its assessable revenue and an EIT rate of 20%. From 2018 to 2020, Suoxinda Beijing was entitled to a preferential EIT rate of 15% under NHNTE.

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the tax rates applicable to profits of the entities under the Group as follows:

	Year ended 31 December			Five months ended 31 May	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit/(loss) before income tax	15,572	23,591	27,172	4,339	(108)
Add: share of loss of an associate, net of tax	—	—	—	—	179
Profit before income tax before share of loss of an associate	15,572	23,591	27,172	4,339	71
Tax calculated at domestic tax rates applicable to profits of the respective companies	2,387	3,525	4,042	653	937
Income not subject to tax	—	(6)	(173)	(3)	(70)
Expenses not deductible for tax purposes	136	140	1,198	162	599
Super deduction for research and development expenses *(Note i)*	(480)	(945)	(827)	(267)	(526)
Tax losses for which no deferred tax was recognised	—	—	289	—	236
Income tax expenses	2,043	2,714	4,529	545	1,176

Note:

(i) Super deduction for research and development expenses

According to the relevant laws and regulations promulgated by the State Tax Bureau of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim up to 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the Track Record Period.

11 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the earnings attributable to owners of the Company by the weighted average number of ordinary shares issued during the Track Record Period. In determining the weighted average number of shares in issue during the Track Record Period, 10,000 shares of the Company, which resulted from the issue and allotment of 10,000 shares by the Company in connection with the Reorganisation as described in Note 1.2, had been treated as if such shares were issued on 1 January 2016.

	Year ended 31 December			Five months ended 31 May	
	2016	**2017**	**2018**	**2018**	**2019**
				(Unaudited)	
Profit/(loss) attributable to owners of the Company *(RMB'000)*	13,572	20,765	23,156	4,059	(1,284)
Weighted average number of ordinary shares in issue *(Number of shares in thousand)*	10	10	10	10	10
Basic and diluted earnings/(loss) per shares *(RMB) (Note)*	1,357	2,077	2,316	406	(128)

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Potential ordinary shares are dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. During the years ended 31 December 2016, 2017 and 2018 and five months ended 31 May 2018 and 2019, the Group has no dilutive potential ordinary shares.

The earnings per share presented above have not taken into account the proposed capitalisation issue pursuant to resolutions in writing of the shareholder passed on 15 November 2019 because the proposed capitalisation issue has not become effective as at the date of this report.

12 DIVIDENDS

Dividends during each of the years ended 31 December 2017 and 2018 represented dividends declared and paid by Suoxinda Shenzhen to its then equity holders.

The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

No dividends had been paid or declared by the Company during the Track Record Period.

13 PROPERTY AND EQUIPMENT

	Building	Furniture and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016				
Cost	15,257	711	550	16,518
Accumulated depreciation	(60)	(570)	(425)	(1,055)
Net book amount	15,197	141	125	15,463
Year ended 31 December 2016				
Opening net book amount	15,197	141	125	15,463
Additions	—	233	345	578
Depreciation	(725)	(86)	(147)	(958)
Closing net book amount	14,472	288	323	15,083

	Building	Furniture and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2016				
Cost	15,257	944	895	17,096
Accumulated depreciation	(785)	(656)	(572)	(2,013)
Net book amount	14,472	288	323	15,083
Year ended 31 December 2017				
Opening net book amount	14,472	288	323	15,083
Additions	—	1,571	—	1,571
Disposals	—	(3)	—	(3)
Depreciation	(725)	(183)	(65)	(973)
Closing net book amount	13,747	1,673	258	15,678
At 31 December 2017				
Cost	15,257	2,503	895	18,655
Accumulated depreciation	(1,510)	(830)	(637)	(2,977)
Net book amount	13,747	1,673	258	15,678
Year ended 31 December 2018				
Opening net book amount	13,747	1,673	258	15,678
Additions	—	3,220	—	3,220
Disposals	—	(24)	—	(24)
Depreciation	(725)	(421)	(65)	(1,211)
Closing net book amount	13,022	4,448	193	17,663
At 31 December 2018				
Cost	15,257	5,255	895	21,407
Accumulated depreciation	(2,235)	(807)	(702)	(3,744)
Net book amount	13,022	4,448	193	17,663

	Building	Furniture and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Five months ended 31 May 2019				
Opening net book amount	13,022	4,448	193	17,663
Additions	—	164	—	164
Disposals	—	(5)	—	(5)
Depreciation	(302)	(424)	(27)	(753)
Closing net book amount	12,720	4,183	166	17,069
At 31 May 2019				
Cost	15,257	5,330	895	21,482
Accumulated depreciation	(2,537)	(1,147)	(729)	(4,413)
Net book amount	12,720	4,183	166	17,069

Depreciation is included in the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Selling expenses	5	17	24	8	9
Administrative expenses	194	171	931	392	362
Research and development expenses	759	785	256	101	382
	958	973	1,211	501	753

As at 31 December 2016 and 2018 and 31 May 2019, building of RMB14,472,000, RMB13,022,000 and RMB12,720,000 were pledged to the Group's certain bank borrowings (Note 29).

As at 31 May 2019, equipment of RMB3,864,000 was pledged to the Group's other borrowing (Note 29).

14 INTANGIBLE ASSETS

	Goodwill	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2016			
Cost	73	247	320
Accumulated amortisation	—	(22)	(22)
Net book amount	73	225	298
Year ended 31 December 2016			
Opening net book amount	73	225	298
Additions	—	5,802	5,802
Amortisation charge	—	(896)	(896)
Closing net book amount	73	5,131	5,204
At 31 December 2016			
Cost	73	6,049	6,122
Accumulated amortisation	—	(918)	(918)
Net book amount	73	5,131	5,204
Year ended 31 December 2017			
Opening net book amount	73	5,131	5,204
Additions	—	2,461	2,461
Amortisation charge	—	(1,791)	(1,791)
Closing net book amount	73	5,801	5,874

	Goodwill	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2017			
Cost	73	8,263	8,336
Accumulated amortisation	—	(2,462)	(2,462)
Net book amount	73	5,801	5,874
Year ended 31 December 2018			
Opening net book amount	73	5,801	5,874
Additions	—	17,769	17,769
Amortisation charge	—	(2,869)	(2,869)
Closing net book amount	73	20,701	20,774
At 31 December 2018			
Cost	73	24,408	24,480
Accumulated amortisation	—	(3,707)	(3,706)
Net book amount	73	20,701	20,774

	Goodwill	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
Five months ended 31 May 2019			
Opening net book amount	73	20,701	20,774
Additions	—	870	870
Amortisation charge	—	(2,049)	(2,049)
Closing net book amount	73	19,522	19,595
At 31 May 2019			
Cost	73	25,277	25,350
Accumulated amortisation	—	(5,755)	(5,755)
Net book amount	73	19,522	19,595

During the years ended 31 December 2017 and 2018, the Group wrote off the fully-depreciated intangible assets with total cost of RMB247,000 and RMB1,624,000, respectively.

Amortisation is included in the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of sales	213	1,001	745	338	—
Administrative expenses	16	58	58	24	65
Research and development expenses	667	732	2,066	530	1,984
	896	1,791	2,869	892	2,049

15 RIGHT-OF-USE ASSETS

	Properties
	RMB'000
At 1 January 2016	
Cost	3,611
Accumulated depreciation	(3,430)
Net book amount	181
Year ended 31 December 2016	
Opening net book amount	181
Additions	2,772
Depreciation	(874)
Closing net book amount	2,079
At 31 December 2016	
Cost	2,772
Accumulated depreciation	(693)
Net book amount	2,079
Year ended 31 December 2017	
Opening net book amount	2,079
Additions	898
Depreciation	(1,323)
Closing net book amount	1,654
At 31 December 2017	
Cost	3,670
Accumulated depreciation	(2,016)
Net book amount	1,654
Year ended 31 December 2018	
Opening net book amount	1,654
Additions	5,873
Depreciation	(2,006)
Closing net book amount	5,521
At 31 December 2018	
Cost	9,543
Accumulated depreciation	(4,022)
Net book amount	5,521

	Properties
	RMB'000
Five months ended 31 May 2019	
Opening net book amount	5,521
Additions	4,373
Depreciation	(977)
Write-off	(4,787)
Closing net book amount	4,130
At 31 May 2019	
Cost	4,373
Accumulated depreciation	(243)
Net book amount	4,130

Depreciation is included in the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Administrative expenses	874	1,323	2,006	473	977

16 FINANCIAL INSTRUMENTS BY CATEGORIES

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets as per consolidated statements of financial position				
Financial assets at fair value through profit or loss:				
— Financial assets at fair value through profit or loss *(Note 17)*	5,200	20,000	—	—
Financial assets at amortised cost:				
— Trade receivables *(Note 19)*	18,566	20,470	15,040	45,944
— Other financial assets at amortised cost *(Note 21)*	744	797	3,341	2,837
— Pledged bank deposits *(Note 23)*	—	2,988	8,312	6,947
— Cash and cash equivalents *(Note 23)*	27,912	40,935	44,266	13,778
	52,422	85,190	70,959	69,506
Liabilities as per consolidated statements of financial position				
Financial liabilities at amortised cost:				
— Trade payables *(Note 26)*	5,963	9,288	11,855	11,806
— Lease liabilities *(Note 30)*	2,124	1,772	5,740	4,163
— Bank and other borrowings *(Note 29)*	17,300	21,550	61,070	69,211
— Accruals and other payables (excluding non-financial liabilities and accruals for employee benefit expenses)	282	842	7,633	7,833
	25,669	33,452	86,298	93,013

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Short-term investments					
— Debt instruments *(Note i)*					
At 1 January	—	—	20,000	20,000	—
Addition	41,400	166,600	51,100	47,250	1,000
Fair value change	145	631	2,213	945	2
Disposal	(41,545)	(147,231)	(73,313)	(28,554)	(1,002)
At 31 December	—	20,000	—	39,641	—
— Equity instrument *(Note ii)*					
At 1 January	—	5,200	—	—	—
Addition	5,200	—	—	—	—
Fair value change	—	130	—	—	—
Disposal	—	(5,330)	—	—	—
At 31 December	5,200	—	—	—	—
Total	5,200	20,000	—	39,641	—

Note:

(i) Short term investments — debt instruments

For the year ended 31 December 2017, the debt instruments measured at fair value through profit or loss are wealth management products, denominated in RMB, with expected rate of return of 6.5% per annum. The return on these wealth management products is not guaranteed, hence the contractual cash flow does not qualify for solely payments of principal and interest. Therefore it is measured at fair value through profit or loss.

The fair values are based on cash flow discounted using the expected return based on management judgment and are within level 3 of the fair value hierarchy.

(ii) Short term investments — equity instrument

The equity instrument measured at fair value through profit or loss is an investment in an unlisted company. The fair value of the unlisted company approximated to the net asset value of the equity instrument as at 31 December 2016.

18 INVENTORIES

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	1,043	1,214	283	396

The cost of inventories recognised as expense and included in "cost of sales" in the consolidated statements of comprehensive income amounted to RMB91,146,000, RMB56,178,000, RMB53,043,000, RMB14,622,000 and RMB5,819,000, for the years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2018 and 31 May 2019, respectively.

19 TRADE RECEIVABLES

Trade receivables analysis is as follows:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	18,970	20,949	15,661	47,332
Less: provision for trade receivables	(404)	(479)	(621)	(1,388)
	18,566	20,470	15,040	45,944

The carrying amounts of trade receivables approximate their fair values at each reporting date and are denominated in the following currencies:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	14,037	19,837	14,525	45,930
USD	4,167	629	513	—
HKD	362	4	2	14
	18,566	20,470	15,040	45,944

As at 31 December 2017 and 2018 and 31 May 2019, trade receivables of the Group of approximately RMB4,052,000, RMB13,005,000 and RMB3,124,000 respectively have been pledged to certain bank borrowings of the Group (Note 29).

Movements on the Group's allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	—	(404)	(479)	(621)
Provision for doubtful receivables	(404)	(75)	(142)	(767)
At the end of the year/period	(404)	(479)	(621)	(1,388)

(a) The Group allows a credit period of up to 60 days to its customers. The aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to 3 months	18,796	19,661	15,035	33,325
3 to 6 months	137	590	350	6,506
6 months to 1 year	12	69	32	6,087
Over 1 year	25	629	244	1,414
	18,970	20,949	15,661	47,332

(b) The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected credit losses below also incorporate forward looking information. Financial assets are written off when there is no reasonable expectation of recovery.

The loss allowance provisions as of 31 December 2016, 2017 and 2018 and 31 May 2019 are determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	6 months to 1 year past due	Over 1 year past due	Total
31 December 2016:						
Expected loss rate	1%	5%	10%	25%	100%	
Gross carrying amount *(in thousand)*	14,442	4,354	137	12	25	18,970
Loss allowance provision *(in thousand)*	144	218	14	3	25	404
31 December 2017:						
Expected loss rate	1%	5%	10%	25%	100%	
Gross carrying amount *(in thousand)*	17,816	2,133	370	630	—	20,949
Loss allowance provision *(in thousand)*	178	107	37	157	—	479
31 December 2018:						
Expected loss rate	1%	4%	7%	25%	100%	
Gross carrying amount *(in thousand)*	8,504	6,595	286	32	244	15,661
Loss allowance provision *(in thousand)*	85	264	20	8	244	621
31 May 2019:						
Expected loss rate	1%	5%	10%	25%	100%	
Gross carrying amount *(in thousand)*	31,718	12,325	2,964	223	102	47,332
Loss allowance provision *(in thousand)*	317	616	297	56	102	1,388

Expected credit losses rates were determined based on the cash collection performance for customers with respect to the credit terms granted to each customer and also taking into account the forward looking information. The cash collection patterns are affected by a number of factors including but not limited to the change in customer portfolios of the Group, the effort of cash collection from the customers, the timing of settlement processes by customers of the Group etc.

The expected credit loss rate for the trade receivables less than 6 months overdue are provided for at expected loss rate of 1–10% as at 31 December 2016, 2017 and 31 May 2019 and provided for at expected loss rate of 1–7% as at 31 December 2018, while the trade receivables more than 6 months overdue are provided for at expected loss rate of 25–100% as at 31 December 2016, 2017, 2018 and 31 May 2019.

In consideration of the cash collection performance for customers, the customer mixes and forward looking information were similar for 2016 and 2017, it was expected that credit loss rates were similar as at 31 December 2016 and 2017. Afterwards, due to the enhanced collection efforts by the Group in 2018, the expected credit loss rates have been reduced during the year ended 31 December 2018. Having considered (i) the cash collection performance deteriorated for the period ended 31 May 2019 compared to 2018, primarily due to the extended settlement processes by several customers of the Group, and (ii) the subsequent improved collection efforts of the Group after the period, the expected credit loss rates were similar to 2016 and 2017.

20 CONTRACT ASSETS/(LIABILITIES)

	As at 31 December			As at 31 May
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	21,896	16,953	44,110	43,352
Contract liabilities	(310)	(433)	(3,901)	(2,226)

The contract assets are primarily related to the Group's rights to consideration for work completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically reclassifies contract assets to trade receivables on the date of acceptance reports issued by the customers when such right of collections becomes unconditional other than the passage of time.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade and retention receivables. Since the contract assets are related to contracts which are still in progress and the payment is not due, the expected loss rate of contract assets is assessed to be minimal.

	Year ended 31 December			Five months ended 31 May	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue recognised that was included in the contract liabilities balance as at beginning of the year/period	—	310	433	433	3,901

21 PREPAYMENTS AND OTHER FINANCIAL ASSETS AT AMORTISED COST

(a) The Group

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments				
Deferred listing expenses	—	—	1,777	2,739
Prepaid expenses	16	44	1,331	1,768
Prepayment for property	—	—	20,000	30,000
	16	44	23,108	34,507
Less: Non-current prepayment for property *(Note i)*	—	—	(20,000)	(30,000)
	16	44	3,108	4,507
Other financial assets at amortised cost				
Amount due from shareholders *(Note 34)*	—	—	87	87
Utilities and other deposits *(Note ii)*	625	608	592	2,343
Other receivables	119	189	2,662	407
	744	797	3,341	2,837

Notes:

(i) The non-current prepayments for property as at 31 December 2018 and 31 May 2019 were in respect of a property in Shenzhen, the PRC. The total consideration for the property amounted to RMB61,960,000 and is expected to be completed by December 2019.

(ii) The other deposits comprise pledged deposits of approximately RMB1,500,000 which are pledged for the bank borrowings of RMB7,400,000 (Note 29(a)) and other borrowings of RMB7,105,000 (Note 29(b)) as at 31 May 2019.

The carrying amounts of other financial assets at amortised cost approximated their fair values at each reporting date. The prepayments and other financial assets at amortised cost are denominated in the following currencies:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	760	841	26,362	37,257
USD	—	—	69	69
HKD	—	—	18	18
	760	841	26,449	37,344

(b) The Company

	As at 31 December 2018	As at 31 May 2019
Prepayments		
Deferred listing expenses	—	2,739

22 INVESTMENT IN AN ASSOCIATE

	RMB'000
As at 1 January 2019	—
Addition	400
Share of results of an associate	(179)
As at 31 May 2019	221

The details of the associate of the Group are as follows:

Name	Country and date of establishment	Registered capital	Percentage of equity interest attributable to the Group As at 31 May 2019	Principal activities
Caixin (Nanjing Jiangbei New District) Financial Technology Service Co., Ltd. (賽信(南京江北新區)金融科技服務有限公司)	PRC, 4 January 2019	RMB2,000,000	20%	Provision of data solutions

* The English name of the company referred above represents the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

There are no material contingent liabilities relating to the Group's investments in an associate, and no material contingent liabilities of the associate itself.

23 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank	27,891	40,931	44,241	13,773
Cash on hand	21	4	25	5
Cash and cash equivalents	27,912	40,935	44,266	13,778
Pledged bank deposits *(Note i)*	—	2,988	8,312	6,947
Maximum exposure to credit risk	27,891	43,919	52,553	20,720

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	26,856	36,218	40,285	12,973
USD	928	3,818	3,835	316
HKD	128	899	146	489
	27,912	40,935	44,266	13,778

Note:

(i) As at 31 December 2017 and 2018 and 31 May 2019, pledged bank deposits of RMB2,988,000, RMB8,312,000 and RMB6,947,000, respectively were pledged at a bank to secure the Group's bank borrowings (Note 29). Pledged bank deposits are denominated in RMB and deposited with creditworthy banks with no recent history of default.

As at 31 December 2016, 2017 and 2018 and 31 May 2019, the Group had cash and cash equivalents and pledged bank deposits amounting to RMB27,195,000, RMB39,554,000, RMB48,839,000 and RMB20,213,000, respectively, which are denominated in different currencies and held in the PRC. These balances are subject to rules and regulations of foreign exchange control promulgated by the PRC government.

24 SHARE CAPITAL — GROUP AND COMPANY

	Note	Number of ordinary shares	Nominal value of ordinary shares
			RMB'000
Authorised:			
Ordinary shares of HKD0.01 each as at 31 December 2018 and 31 May 2019		38,000,000	336
Issued:			
At 6 December 2018 (date of incorporation)	(i)	1	—
Issue of ordinary shares pursuant to the Reorganisation	(ii)	9,999	—
As at 31 December 2018 and 31 May 2019	(iii)	10,000	—

Notes:

(i) On 6 December 2018, the Company was incorporated as an exempted company with limited liability under Cayman Islands Law with an authorised share capital of 38,000,000 on HKD0.01 each. Upon incorporation, one ordinary share of HKD0.01 each of the Company was issued.

(ii) On 6 December 2018, the Company issued and allotted 9,999 ordinary shares of HKD0.01 each of the Company (Note 1.2).

(iii) The relevant amounts are less than RMB1,000.

On 15 November 2019, the authorised share capital of the Company was increased from 38,000,000 shares on HKD0.01 each to 2,000,000,000 shares on HKD0.01 each.

25 OTHER RESERVES — GROUP AND COMPANY

(a) The Group

	Capital reserves	Exchange reserve	Statutory reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note i)		*(Note iii)*	
Balance at 1 January 2016	46,533	(17)	295	46,811
Other comprehensive income	—	310	—	310
Transactions with owners				
Transfer to statutory reserve	—	—	953	953
Balance at 31 December 2016	46,533	293	1,248	48,074
Balance at 1 January 2017	46,533	293	1,248	48,074
Other comprehensive loss	—	(374)	—	(374)
Transactions with owners				
Transfer to statutory reserve	—	—	2,129	2,129
Balance at 31 December 2017	46,533	(81)	3,377	49,829
Balance at 1 January 2018	46,533	(81)	3,377	49,829
Other comprehensive income	—	275	—	275
Transactions with owners				
Capital contribution to subsidiaries by equity holders of subsidiaries	10,087	—	—	10,087
Transfer to statutory reserve	—	—	2,657	2,657
Balance at 31 December 2018	56,620	194	6,034	62,848
Balance at 1 January 2019	56,620	194	6,034	62,848
Other comprehensive loss	—	(166)	—	(166)
Transactions with owners				
Capital contribution to subsidiaries by equity holders of subsidiaries	4,167	—	—	4,167
Share-based compensation — non employee *(Note ii)*	2,432	—	—	2,432
Balance at 31 May 2019	63,219	28	6,034	69,281
(Unaudited)				
Balance at 1 January 2018	46,533	(81)	3,377	49,829
Other comprehensive income	—	28	—	28
Transactions with owners				
Capital contribution to subsidiaries by equity holders of subsidiaries	10,000	—	—	10,000
Balance at 31 May 2018	56,533	(53)	3,377	59,857

Notes:

(i) Capital reserves represents the combined paid-in capital of the PRC Operating Companies and other group companies upon completion of Reorganisation.

(ii) During the Reorganisation, one investor acquired 6% equity interests of a subsidiary of the Group in January 2019 for a cash consideration of approximately RMB4,167,000. The fair value of the equity interests issued as of the share issuance date exceeded the cash consideration received by RMB2,432,000 and the difference was directly charged to the consolidated statements of comprehensive income for the five months ended 31 May 2019 given no vesting conditions exist.

(iii) The balance is reserved by the subsidiaries in the PRC in accordance with the relevant PRC regulations. The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserve, which is to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. PRC Company is required to appropriate 10% of statutory net profits to statutory reserve, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserve shall only be used to make up losses of the company, to expand the company's production operations, or to increase the capital of the company. In addition, a company may make further contributions to the discretional surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

(b) The Company

The balance represents the aggregate net asset value of the subsidiaries acquired pursuant to the Reorganisation.

26 TRADE PAYABLES

Trade payables analysis is as follows:

	As at 31 December			**As at 31 May**
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	5,963	9,288	11,855	11,806

The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December			**As at 31 May**
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 30 days	3,164	2,665	3,881	4,772
31 to 60 days	955	—	5,826	1,819
61 to 90 days	46	3,737	231	3,361
Over 90 days	1,798	2,886	1,917	1,854
	5,963	9,288	11,855	11,806

The carrying amounts of the trade payables approximate their fair values as at 31 December 2016, 2017 and 2018 and 31 May 2019. The trade payables are denominated in the following currencies:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	5,961	9,288	10,522	11,798
HKD	2	—	1,333	8
	5,963	9,288	11,855	11,806

27 ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued salaries and wages	3,950	4,764	7,322	4,833
Other tax payables	3,223	6,178	2,444	3,785
Accrued listing expenses	—	—	985	357
Other payables for purchase of equipment and intangible assets	—	—	5,469	5,155
Amounts due to a shareholder *(Note 34)*	—	—	—	355
Amounts due to an associate *(Note 34)*	—	—	—	400
Other accruals and payables	282	842	1,179	1,566
	7,455	11,784	17,399	16,451

The carrying amounts of the accruals and other payables (excluding non-financial liabilities) approximate their fair values as at 31 December 2016, 2017 and 2018 and 31 May 2019. The carrying amounts of the accruals and other payables (excluding non-financial liabilities) are denominated in RMB.

28 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when taxes are related to the same taxation authority and where offsetting is legally enforceable.

The net movements on the deferred income tax assets of the Group are as follows:

	Decelerated/ (accelerated) tax depreciation
	RMB'000
At 1 January 2016	—
Credited to the consolidated statements of comprehensive income *(Note 10)*	53
At 31 December 2016	53
At 1 January 2017	53
Charged to the consolidated statements of comprehensive income *(Note 10)*	(300)
At 31 December 2017	(247)
At 1 January 2018	(247)
Credited to the consolidated statements of comprehensive income *(Note 10)*	196
At 31 December 2018	(51)
At 1 January 2019	(51)
Credited to the consolidated statements of comprehensive income *(Note 10)*	108
At 31 May 2019	57

There are no income tax consequences attaching to the payment of dividends by the companies now comprising the Group to their then respective shareholders.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in the PRC of RMB289,000 at 31 December 2018 and RMB525,000 at 31 May 2019 in respect of the tax losses in the amount of RMB1,927,000 and RMB3,500,000, respectively, which are available for offsetting against future taxable profits of the company in which the losses arose. These tax losses will expire by 31 December 2028 and 2029.

According to the new EIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiaries declare dividends out of their profits earned after 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company.

During the Track Record Period, deferred income tax liabilities of RMB1,012,000, RMB2,100,000, RMB2,702,000 and RMB446,000 have not been recognised for the withholding tax that would be payable on the unremitted earnings of subsidiaries in the PRC based on the profits for the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, respectively. The unremitted earnings are to be used for long-term future development. Deferred income tax liability is not recognised where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

29 BANK AND OTHER BORROWINGS

(a) Bank borrowings

	As at 31 December			As at 31 May
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	17,300	21,550	61,070	62,106

The bank loans due for repayment, based on the scheduled repayment dates set out in the loan agreements, are as follows:

	As at 31 December			As at 31 May
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	17,300	21,550	61,070	62,106

The carrying amounts of the bank borrowings approximate their fair values and are denominated in RMB.

The weighted average interest rate is 5.6%, 5.9%, 6.2% and 6.0% per annum for the years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2019, respectively.

As at 31 December 2016, 2017, 2018 and 31 May 2019, the Group had aggregate banking facilities of RMB18,500,000, RMB36,509,000, RMB70,058,000 and RMB81,029,000, respectively. Unused facilities as at the same date amounted to RMB1,200,000, RMB14,959,000, RMB8,988,000 and RMB18,923,000, respectively. The Group's banking facilities are secured and/or guaranteed by:

(i) unlimited personal guarantees from the controlling shareholder, a shareholder of the Company and their spouses as at 31 December 2016, 2017 and 2018 and 31 May 2019. All such guarantees were released before Listing;

(ii) unlimited personal guarantee from an independent third party as at 31 December 2017. The guarantee was released in 2018;

(iii) corporate guarantees from independent third parties of RMB3,000,000 as at 31 December 2016 which was released in 2017, RMB8,000,000 as at 31 December 2018 which was released in 2019, and RMB16,400,000 as at 31 May 2019;

(iv) building of the Group of RMB14,472,000, RMB13,022,000 and RMB12,720,000 as at 31 December 2016 and 2018 and 31 May 2019, respectively (Note 13);

(v) building of an independent third party as at 31 December 2017 which was released in 2018;

(vi) pledged bank deposits of RMB2,988,000, RMB8,312,000 and RMB6,947,000 held at bank as at 31 December 2017 and 2018 and 31 May 2019, respectively (Note 23);

(vii) trade receivables of the Group of approximately RMB4,052,000, RMB13,005,000 and RMB3,124,000 as at 31 December 2017 and 2018 and 31 May 2019, respectively; and

(viii) other receivables of the Group of approximately RMB800,000 as at 31 May 2019.

(b) Other borrowing

The loan due for repayment, based on the scheduled repayment dates set out in the loan agreements, is as follows:

	As at 31 May 2019
	RMB'000
Within one year	3,743
One to two years	3,362
	7,105
Less: portion classified as current liabilities	(3,743)
	3,362

The Group entered a loan agreement dated 11 March 2019 with an independent third party at a principal amount of RMB7,700,000. The loan bear interest at 8.1% per annum and is denominated in RMB. The loan is repayable in equal monthly instalments and will be settled on 29 March 2021. As at 31 May 2019, the loan is secured by other deposits of RMB700,000 and certain equipment of the Group amounting to RMB3,864,000. The carrying amounts of other borrowing approximate its fair value at each reporting date.

30 LEASE LIABILITIES

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,011	1,474	1,779	1,536
One to two years	1,011	369	1,346	1,613
Two to five years	252	—	1,414	1,400
Over five years	—	—	1,986	—
Total lease payments	2,274	1,843	6,525	4,549
Less: future finance charges	(150)	(71)	(785)	(386)
Total lease liabilities	2,124	1,772	5,740	4,163
Less: portion classified as current liabilities	(910)	(1,407)	(1,474)	(1,320)
	1,214	365	4,266	2,843

The Group leases various office premises under lease agreements. The majority of lease liabilities are denominated in RMB. No arrangement has been entered into for variable lease payments.

During the year/period, the Group's operating lease rental payments relating to short-term and low-value leases of RMB107,000, RMB417,000, RMB535,000, RMB205,000 and RMB1,020,000 for the years ended 31 December 2016, 2017 and 2018 and five months ended 31 May 2018 and 2019 have been recognised as expenses and included in administrative expenses in the consolidated statements of comprehensive income. No expenses has been recognised over the low-value leases during the Track Record Period.

The total cash outflows for leases including payments of lease liabilities and payments of interest expenses for the years ended 31 December 2016, 2017 and 2018 and five months ended 31 May 2018 and 2019 are RMB966,000, RMB1,397,000, RMB2,209,000, RMB491,000 and RMB1,060,000, respectively.

31 CASH GENERATED FROM/(USED IN) OPERATIONS

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
Profit/(loss) before income tax	15,572	23,591	27,172	4,339	(108)
Adjustments for:					
Share-based compensation — non-employee	—	—	—	—	2,432
Share of loss of an associate	—	—	—	—	179
Gain on remeasurement of lease	—	—	—	—	(234)
Depreciation of property and equipment	958	973	1,211	501	753
Amortisation of intangible assets	896	1,791	2,869	892	2,049
Depreciation of right of use assets	874	1,323	2,006	473	977
Provision for impairment of trade receivables	404	75	142	769	767
Loss on disposal of property and equipment	—	3	24	—	5
Finance costs, net	1,165	1,580	2,899	635	1,809
Fair value gains on short-term investments and equity investments	(145)	(761)	(2,213)	(945)	(2)
Operating cash flows before changes in working capital	19,724	28,575	34,110	6,664	8,627
Changes in working capital:					
Decrease/(increase) in trade receivables	5,873	(2,164)	5,363	(2,802)	(31,801)
Decrease/(increase) in prepayments and other financial asset at amortised cost	12,276	(81)	(2,167)	(17,354)	67
(Increase)/decrease in contract assets/ liabilities, net	(21,586)	5,066	(23,689)	4,220	(918)
Decrease/(increase) in inventories	15,128	(171)	931	(4,406)	(113)
(Decrease)/increase in trade payables	(5,302)	3,325	2,567	(5,051)	(42)
Increase/(decrease) in accruals and other payables	4,310	4,329	146	(6,529)	(1,034)
Cash generated from/(used in) operations	30,423	38,879	17,261	(25,258)	(25,214)

In the consolidated statements of cash flows, proceeds from disposals of property and equipment comprise:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Property and equipment					
Net book value	—	3	24	—	5
Loss on disposal of property and equipment	—	(3)	(24)	—	(5)
Proceeds from disposals of property and equipment	—	—	—	—	—

(a) Non-cash transaction

During the year ended 31 December 2018, capital contribution of RMB87,000 were not yet settled to the subsidiaries by the equity holders of the subsidiaries.

During the period ended 31 May 2019, share-based compensation of RMB2,432,000 has been recognised.

(b) Net cash/(debt) reconciliation

This section sets out an analysis of net cash/(debt) and the movements in net cash/(debt) for each of the years/periods presented.

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash and cash equivalents	27,912	40,935	44,266	28,416	13,778
Pledged bank deposits and other deposits	—	2,988	8,312	6,025	8,447
Bank and other borrowings	(17,300)	(21,550)	(61,070)	(52,679)	(69,211)
Lease liabilities	(2,124)	(1,772)	(5,740)	(7,195)	(4,163)
	8,488	20,601	(14,232)	(25,433)	(51,149)

	Cash and cash equivalents	Pledged bank deposits and other deposits	Bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net debt as at 1 January 2016	11,050	—	(19,000)	(206)	(8,156)
Cash flows	16,798	—	1,700	966	19,464
Other changes	—	—	—	(2,884)	(2,884)
Foreign exchange adjustments	64	—	—	—	64
Net cash as at 31 December 2016	27,912	—	(17,300)	(2,124)	8,488
Cash flows	13,212	2,988	(4,250)	1,397	13,347
Other changes	—	—	—	(1,045)	(1,045)
Foreign exchange adjustments	(189)	—	—	—	(189)
Net cash as at 31 December 2017	40,935	2,988	(21,550)	(1,772)	20,601
Cash flows	3,131	5,324	(39,520)	2,209	(28,856)
Other changes	—	—	—	(6,177)	(6,177)
Foreign exchange adjustments	200	—	—	—	200
Net debt as at 31 December 2018	44,266	8,312	(61,070)	(5,740)	(14,232)
Cash flows	(30,445)	135	(8,033)	(1,060)	(39,403)
Other changes	—	—	(108)	2,637	2,529
Foreign exchange adjustments	(43)	—	—	—	(43)
Net debt as at 31 May 2019	13,778	8,447	(69,211)	(4,163)	(51,149)
(Unaudited)					
Net cash as at 31 December 2017	40,935	2,988	(21,550)	(1,772)	20,601
Cash flows	(12,549)	3,037	(31,129)	491	(40,150)
Other changes	—	—	—	(5,914)	(5,914)
Foreign exchange adjustments	30	—	—	—	30
Net debt as at 31 May 2018	28,416	6,025	(52,679)	(7,195)	(25,433)

32 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at the date of the statements of financial position are as follows:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property				
— Contracted but not provided for	—	—	41,960	31,960

(b) Operating lease commitments — Group as lessee

Throughout the Track Record Period, the Group leases a number of premises under non-cancellable operating leases. The leases are for various terms and are generally renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable short-term and low-value leases are as follows:

	As at 31 December			As at 31 May
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
No later than 1 year	32	335	266	1,730

33 ACQUISITION OF NON-CONTROLLING INTERESTS

On 13 October 2016, Suoxinda Beijing was established in the PRC with limited liability. Suoxinda Shenzhen holds 60% equity interests of Suoxinda Beijing. The non-controlling shareholders paid RMB100,000 for 40% equity interest of Suoxinda Beijing.

On 3 September 2018, Suoxinda Shenzhen acquired the remaining 40% equity interests from the non-controlling shareholders at the consideration of RMB100,000. After the aforesaid acquisition of equity interests, Suoxinda Beijing became a directly wholly-owned subsidiary of Suoxinda Shenzhen.

	3 September 2018
	RMB'000
Carrying amount of non-controlling interests acquired	(344)
Consideration paid to non-controlling interests	(100)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(444)

34 RELATED PARTY BALANCES AND TRANSACTIONS — GROUP AND COMPANY

For the purposes of the Historical Financial Information, parties are considered to be related to the Group if the parties have the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

Management is of the view that the following were related parties that had transactions or balances with the Group as at and during each of the years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2019 as they are owned by certain directors of the Company.

Name of the related parties	Relationship with the Group
Mr. Song	Chairman, director and controlling shareholder
Mr. Wu	Director and shareholder
Ms. Huang Liming	Mr. Song's spouse
Ms. Chi Lanfang	Mr. Wu's spouse
Mr. Lam Chun Hung Stanley ("Mr. Lam")	Director
Ms. Wang	Director

(a) Financial guarantee

As at 31 December 2016, 2017, 2018 and 31 May 2019, Mr. Song, Mr. Wu and their spouses provided unlimited personal guarantee to the banking facilities of the Group. All such guarantees are expected to be released before listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Listing").

(b) Amounts due from/(to) shareholders — Group

The amounts due from/(to) shareholders of the Group are non-trade in nature, unsecured, interest-free and receivable/repayable on demand. The carrying value of these balances approximate their fair values as at 31 December 2018 and 31 May 2019. All amounts due from/(to) shareholders of the Group are expected to be settled before the Listing.

The carrying amounts of these balances of the Group are denominated in USD and HKD.

(c) Amount due to an associate

The amount due to an associate of the Group is non-trade in nature, unsecured, interest-free and repayable on demand. The carrying value of the balance approximate at its fair value as at 31 May 2019. Such amount due to an associate is expected to be settled before the Listing.

The carrying amount of the balance of the Group is denominated in RMB.

(d) Key management compensation

The compensation paid or payable to key management for employee services during the Track Record Period are shown below:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, bonuses, fees and allowances. . .	1,865	2,109	2,371	791	1,065
Pension costs	12	13	19	8	27
Social security costs and other employee benefits	100	124	118	49	77
	1,977	2,246	2,508	848	1,169

35 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of each director paid/payable by the Group for each of the years/period ended 31 December 2016, 2017, 2018 and 31 May 2019 are as follows:

Year ended 31 December 2016

	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiaries undertaking							
	Fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution of a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors								
Mr. Song	—	192	—	48	14	—	—	254
Mr. Wu	—	192	—	48	14	—	—	254
Mr. Lam	—	589	—	—	26	—	—	615
Ms. Wang.	—	115	10	29	13	—	—	167
	—	1,088	10	125	67	—	—	1,290

Year ended 31 December 2017

	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiaries undertaking							
	Fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution of a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors								
Mr. Song	—	192	—	48	19	—	—	259
Mr. Wu	—	192	—	48	19	—	—	259
Mr. Lam	—	316	—	—	—	—	—	316
Ms. Wang	—	218	24	51	24	—	—	317
	—	918	24	147	62	—	—	1,151

Year ended 31 December 2018

	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiaries undertaking							
	Fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution of a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors								
Mr. Song	—	214	—	53	20	—	—	287
Mr. Wu	—	200	—	50	20	—	—	270
Mr. Lam	—	152	—	—	—	—	—	152
Ms. Wang	—	264	59	62	27	—	—	412
	—	830	59	165	67	—	—	1,121

Five months ended 31 May 2018 (Unaudited)

	Fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution of a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiaries undertaking							
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors								
Mr. Song	—	80	—	20	8	—	—	108
Mr. Wu	—	80	—	20	8	—	—	108
Mr. Lam	—	61	—	—	—	—	—	61
Ms. Wang.	—	96	—	21	12	—	—	129
	—	317	—	61	28	—	—	406

Five months ended 31 May 2019

	Fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution of a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiaries undertaking							
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors								
Mr. Song	—	73	—	73	19	—	—	165
Mr. Wu	—	58	—	58	17	—	—	133
Mr. Lam	—	65	—	—	—	—	—	65
Ms. Wang.	—	83	—	83	21	—	—	187
	—	279	—	214	57	—	—	550

The remunerations shown above represent remunerations received from the Operating Companies by these directors in their capacity as employees to Operating Companies and no directors waived any emolument during each of the years ended 31 December 2016, 2017, 2018 and period ended 31 May 2019.

No director fees were paid to these directors in their capacity as directors of the Company or the Operating Companies and no emoluments were paid by the Operating Companies to the directors as an inducement to join the Operating Companies, or as compensation for loss of office during each of the years ended 31 December 2016, 2017, 2018 and period ended 31 May 2019.

During each of the years ended 31 December 2016, 2017 and 2018 and period ended 31 May 2019, no retirement benefits, payments, or benefits in respect of termination of directors; services were paid or made, directly or indirectly, to the directors; not are any payable. No consideration was provided to or receivable by third parties for making available directors' services.

During each of the years ended 31 December 2016, 2017 and 2018 and period ended 31 May 2019, no significant transactions, agreements and contracts in relation to the Group's business to which the Company or any of the Operating Companies were a party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of each of the years ended 31 December 2016, 2017 and 2018 and period ended 31 May 2019.

During each of the years ended 31 December 2016, 2017 and 2018 and period ended 31 May 2019, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors.

Mr. Song, Mr. Wu, Mr. Lam and Ms. Wang, were appointed as the Company's executive directors on 6 December 2018.

Ms. Zhang Yahan, Mr. Tu Xinchun and Dr. Qiao Zhonghua were appointed as the Company's independent non-executive directors on 15 November 2019. During the Track Record Period, the independent non-executive directors have not yet been appointed and did not receive any directors' remuneration in the capacity of independent non-executive directors.

36 SUBSEQUENT EVENTS

Save as disclosed in this report, there have been no material events subsequent to the Track Record Period, which require adjustment or disclosure in accordance with IFRSs.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2019 and up to the date of this report. No dividend or distribution have been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2019.

The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I in this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Share Offer on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 May 2019 as if the Share Offer had taken place on that date.

The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Share Offer been completed as at 31 May 2019 or at any future dates.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 May 2019	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company**	**Unaudited pro forma adjusted net tangible assets per Share**	
	(Note 1)	*(Note 2)*		*(Note 3)*	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$1.8 per Share	61,418	139,014	200,432	0.50	0.56
Based on an Offer Price of HK$1.5 per Share	61,418	113,248	174,666	0.44	0.49

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 May 2019 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at 31 May 2018 of RMB81,013,000 with adjustments for the intangible assets as at 31 May 2019 of RMB19,595,000.

(2) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK$1.8 and HK$1.5 per share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB11,090,000 which have been accounted for during the Track Record Period) payable by the Company and takes no account of any Shares which may be granted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 400,000,000 Shares were in issue assuming that the Share Offer and Capitalisation Issue have been completed on 31 May 2019 but takes no account of any Shares which may be granted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.

(4) Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 May 2019.

(5) For the purpose of this unaudited pro forma adjusted net tangible assets, the amounts stated in Renminbi are converted into Hong Kong dollars at the rate of HK$1.00 to RMB0.89.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Suoxinda Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Suoxinda Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted net tangible assets as at 31 May 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 28 November 2019, in connection with the proposed initial public offering of shares (the "Listing") of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Listing on the Group's financial position as at 31 May 2019 as if the Listing had taken place at 31 May 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 31 May 2019, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Listing at 31 May 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 November 2019

The following is the text of a letter, summary of value and valuation report, prepared for the purpose of incorporation in this prospectus received from Sinoappraisal Advisory Limited, an independent valuer, in connection with its valuation as at 31 August 2019 of the property interest of the Group.

Sinoappraisal Advisory Limited

Unit 706, 7/F,
Podium Plaza,
5 Hanoi Road, Tsim Sha Tsui, Kowloon,
Hong Kong SAR
Tel: +852 6952 1025

www.sinoappraisal.com

10 September 2019

The Board of Directors
Suoxinda Holdings Limited
Room 1301A, 13th Floor
Microprofit Building
Nanshan District
Shenzhen, the PRC

Re: Valuation of a property interest located in the People's Republic of China

Instructions, purpose and valuation date

We refer to the instructions from Suoxinda Holdings Limited (the "Company") to value the property interest held by the Company and/or its subsidiaries (hereinafter together referred to as the "Group") located in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation report), we confirm that we have carried out physical site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 August 2019 (the "Valuation Date").

Basis of value

Our valuation of the property interest represents its "market value" which is defined under The HKIS Valuation Standards 2017 Edition published by The Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2017 Edition published by The Hong Kong Institute of Surveyors effective from 30 December 2017.

General valuation assumptions

Our valuation has been made on the assumption that the seller disposes the property interest in the market without the benefit of a deferred term contract, sale and leaseback, joint venture, management agreement or any similar arrangement, or any element of value available only to a specific owner or purchaser.

In the course of our valuation, we have assumed that transferrable land use rights have been granted to the property with nominal annual land use fees, and that all requisite land premium has been fully settled. The owner of the property possesses legal and enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the unexpired land use rights term. We have assumed that all consents, approvals and licenses from the relevant government authorities for the development of the property have been obtained, and that the design, construction and occupation of the property are in compliance with the local planning regulations and have been approved by the relevant authorities.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property or any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Valuation methodology

We have valued the property interest with using the direct comparison method (and with consideration of the existing tenancy where applicable) by making reference to comparable sales evidences available in the local market and with adjustments to reflect the differences between the subject property and the comparables in terms of various factors such as transaction timing, location, floor level and view etc.

Source of information

We have relied to a considerable extent on the information provided by the Group in respect of the property and have accepted advice on such matters as identification of the property, tenure, site area, floor area, year of completion, occupancy status, tenancy details, planning approvals, statutory notices, easements and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Title investigation We have been provided by the Group with extracts of the title documents relating to the property interest in the PRC and have made relevant enquiries. However, we have not carried out any land title searches. In addition, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied considerably on the advice given by the Company's PRC Legal Advisers — JunZeJun Law Offices, concerning the validity of the Group's title to the property interest in the PRC.

Site inspection We have inspected the exterior and, where possible, the interior of the property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, unable to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed on-site measurements to verify the correctness of the site area in respect of the property but have assumed that the site area shown on the documents and/or official plans handed to us by the Group is correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Currency & exchange rate Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB). The exchange rate adopted in our valuation is approximately Renminbi Yuan (RMB)1 = HK$1.10 which was approximately the prevailing exchange rates as of the Valuation Date.

Confirmation of independence We hereby confirm that Sinoappraisal Advisory Limited and the undersigned have no pecuniary or other interests that would conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Our valuation is summarized below and the valuation report is attached.

Yours faithfully,
for and on behalf of
Sinoappraisal Advisory Limited
Norris Z. Y. Nie
MCIREA MRICS MHKIS
Managing Director

Note: Mr. Norris Nie is a member of the China Institute of Real Estate Appraiser, a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 21 years of experience in the professional property valuation and advisory services in the Greater China region.

SUMMARY OF VALUE

PROPERTY INTEREST HELD FOR INVESTMENT BY THE GROUP IN THE PRC

No.	Property	Market Value in existing state as at 31 August 2019	Interest attributable to the Group	Market Value in existing state as at 31 August 2019 attributable to the Group
		RMB		*RMB*
1.	Room 7G, Tower A Zone B Donghaiguoji Centre Phase II Futian District Shenzhen City Guangdong Province The PRC	18,000,000	100%	18,000,000
	Total:	**18,000,000**		**18,000,000**

VALUATION CERTIFICATE

PROPERTY INTEREST HELD FOR INVESTMENT BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2019
				RMB
1.	Room 7G Tower A Zone B Donghaiguoji Centre Phase II Futian District Shenzhen City Guangdong Province the PRC	The property comprises a commercial apartment on Level 7 of a 75-storey commercial building which was completed in about 2014. The property is located at Donghaiguoji Centre in Futian District of Shenzhen. The subject neighbourhood generally comprises offices and other commercial facilities. The property is approximately 9.9 km from the Shenzhen Luohu Railway Station, 3.7 km from the Shenzhen Futian High-speed Railway Station and 23.6 km from the Shenzhen International Airport. The property is of mainly reinforced concrete construction and is finished with mainly curtain walling externally. The gross floor area of the property is approximately 200.29 square meters. The land use rights of the property were granted for a term commencing on 28 February 1994 and expiring on 27 February 2044 for commercial office use.	The property is currently vacant.	18,000,000 *(100% interest attributable to the Group: RMB18,000,000)*

Notes:

(1) The property was acquired by Shenzhen Suoxinda Data Technology Co., Ltd. in 2017 at a consideration of RMB15,000,000.

(2) Pursuant to a Real Estate Title Certificate — Yue (2016) Shenzhen Bu Dong Chan Quan Di No. 0256958 issued by the People's Government of Shenzhen, the legal title of the property with a gross floor area of 200.29 square meters is legally vested in Shenzhen Suoxinda Data Technology Co., Ltd..

(3) Shenzhen Suoxinda Data Technology Co., Ltd. is a wholly-owned subsidiary of the Company.

(4) Mr. Norris Nie, managing director of Sinoappraisal Advisory Limited, inspected the property on 29 January 2019.

(5) We have been provided with a legal opinion on the property prepared by the Company's PRC Legal Advisers, which contains, *inter alia*, the following:

a. Shenzhen Suoxinda Data Technology Co., Ltd. has settled all consideration and the relevant taxes in acquiring the ownership of the property; it possesses the legal title of the property, and has the rights to lease, transfer and/or mortgage the property during the remaining land use rights term;

b. The property is subject to a mortgage in favour of China Merchants Bank Shenzhen Branch with a credit amount of RMB18,000,000. The mortgage has been registered with the Shenzhen Real Estate Registration Bureau. Unless otherwise agreed by the mortgagee, Shenzhen Suoxinda Data Technology Co., Ltd. is not entitled to transfer the property;

c. The property is not subject to any other encumbrances or third party rights other than the mortgage as stated above.

(6) In valuing the property, we have adopted a unit rate of RMB90,000 per square meter (on gross floor area basis), which is derived by making reference to comparable sales evidences of neighboring developments in the subject locality. The unit prices (on gross floor area basis) of these comparable developments range from around RMB85,000 per square meter to RMB99,000 per square meter.

The unit rate adopted by us is consistent with the relevant comparables after due adjustments including location, transaction time and size etc.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 6 December 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its Memorandum of Association (the "**Memorandum**") and its Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 15 November 2019 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 17 December 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) are made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("**ES Law**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated as an exempted company in the Cayman Islands under the Companies Law on 6 December 2018. Our Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our registered principal place of business in Hong Kong is at Units 1102–3, 11th Floor, Nine Queen's Road Central, Hong Kong and we have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 17 January 2019. Mr. Lam Chun Hung Stanley, who resides at Unit B5, Floor 9, Block B, Mt Parker Lodge, 10 Hong Pak Path, Quarry Bay, Hong Kong, has been appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong.

Since our Company was incorporated in the Cayman Islands, we operate subject to the Companies Law and our constitution which comprises the Memorandum of Association and the Articles of Association. A summary of certain aspects of the Cayman Islands company law and of our constitution is set out in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. The changes in the Company's issued share capital since our Company's incorporation are set out as follows:

(a) On 6 December 2018, one subscriber's share of HK$0.01 was allotted and issued nil-paid to the initial subscriber, an Independent Third Party, and was transferred to Mindas Touch;

(b) On 6 December 2018, 6,535, 1,453, 1,134, 185, 92 and 600 Shares of HK$0.01 each were allotted and issued nil-paid to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean, Enlighten Peak and Grand Flourishing, respectively; and

(c) Pursuant to the written resolutions of our Shareholders passed on 15 November 2019, the authorised share capital of our Company was increased from HK$380,000 to HK$20,000,000 by the creation of a further 1,962,000,000 Shares of HK$0.01each.

A total of 100,000,000 new Shares of our Company will be offered to the public by way of Share Offer.

Conditional on the share premium account of our Company being credited with the proceeds from the Share Offer, HK$2,999,900 will be capitalised from the share premium account and applied in paying up in full at par an aggregate of 299,990,000 Shares, of which 196,073,464 Shares, 43,588,547 Shares, 34,018,866 Shares, 5,549,815 Shares, 2,759,908 Shares and 17,999,400 Shares will be allotted and issued to Mindas Touch, Ideal Treasure, Thousand Thrive, Benefit Ocean, Enlighten Peak and Grand Flourishing, respectively.

Immediately following the Share Offer and the Capitalisation Issue, the issued share capital of our Company will be HK$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid and 1,600,000,000 Shares will remain unissued. Our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as above disclosed, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of our Shareholders passed on 15 November 2019

Pursuant to the written resolutions of our Shareholders passed on 15 November 2019, among other things:

(a) the authorised share capital of our Company was increased from HK$380,000 to HK$20,000,000 by the creation of a further 1,962,000,000 Shares;

(b) subject to the conditions as set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus:

i. the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares;

ii. conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise HK$2,999,900 standing to the credit of the share premium account of our Company applying such sum in paying up in full at par a total of 299,990,000 Shares for allotment and issue to the following Shareholders in the following manner:

Shareholders	Number of Shares to be allotted and issued
Mindas Touch	196,073,464
Ideal Treasure	43,588,547
Thousand Thrive	34,018,866
Benefit Ocean	5,549,815
Enlighten Peak	2,759,908
Grand Flourishing	17,999,400
	299,990,000

iii. a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issues or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or under any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of our subsidiaries of shares or rights to acquire shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares of our Company in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of our Company or a specific authority granted by the Shareholders in general meeting, Shares not exceeding the aggregate of (1) 20% of the number of issued shares of our Company immediately following the completion of the Capitalisation Issue and the Share Offer; and (2) the aggregate number of shares repurchased under the repurchase mandate as mentioned in paragraph (iv) below. Such mandate shall remain in effect until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of our Company;

(2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable laws of Cayman Islands; or

(3) the passing of an ordinary resolution of the shareholders of our Company in a general meeting revoking, varying or renewing such mandate; and

iv. a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer, such mandate shall remain in effect until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of our Company;

(2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable laws of Cayman Islands; or

(3) the passing of an ordinary resolution of the shareholders of our Company in a general meeting revoking, varying or renewing such mandate; and

v. the general unconditional mandate as mentioned in paragraph (iii) above was extended by the addition to the aggregate number of Shares which may be allotted or agreed to be conditionally or unconditionally allotted and issued by our Directors pursuant to such general mandate of a number representing the aggregate number of Shares repurchased by our Company pursuant to the general repurchase mandate as mentioned in paragraph (iv) above.

(c) the Memorandum and the Articles were conditionally approved and adopted.

4. Group reorganisation

The companies comprising our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the listing of the Shares on the Stock Exchange. For further disclosure of the Reorganisation, please refer to the section headed "History and Reorganisation — Reorganisation" in this prospectus.

5. Changes in share capital of our subsidiaries

Our Company's subsidiaries are set out under the financial statement in the Accountant's Report as included in Appendix I to this prospectus. Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

Save as disclosed in the subsections headed "History and Reorganisation — Our Company and Major Subsidiaries", "History and Reorganisation — Pre-IPO Investments", and "History and Reorganisation — Reorganisation" in this prospectus, there has not been any changes in the share capital to any of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the written resolutions of our Shareholders passed on 15 November 2019, a general mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the number of issued shares of our Company immediately following completion of the Capitalisation Issue and the Share Offer. The general mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first (the "**Buyback Mandate**").

(ii) Source of funds

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum and the Articles, the Listing Rules and any applicable laws and regulations from time to time in force of the Cayman Islands.

(iii) Trading restrictions

A company is authorised to repurchase on the Stock Exchange or on any other stock exchange recognised by the SFC and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the number of the existing issued shares of that company or warrants to subscribe for shares in the company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the Stock Exchange or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. A company is also prohibited from making securities repurchase on the Stock Exchange if the result of the repurchases would be that the number of the listed securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange. A company shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased securities

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the Cayman Islands law, a company's repurchased shares may be held as treasury shares or treated as cancelled and, if so cancelled, the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

Any securities repurchase programme is required to be suspended after a development which contains inside information has occurred or has been the subject of a decision until such time as the inside information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Stock Exchange Listing Rules) and (b) the deadline for a listed company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not purchase its shares on the Stock Exchange, unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of securities on the Stock Exchange if a company has breached the Listing Rules.

(vi) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 9:00 a.m. (Hong Kong time) on the following business day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) Connected parties

Under the Listing Rules, a company shall not knowingly repurchase shares from a connected person (as defined in the Listing Rules) and a connected person shall not knowingly sell his shares to the company.

(b) Exercise of the Buyback Mandate

Exercise in full of the Buyback Mandate, on the basis of 400,000,000 Shares in issue immediately after the Listing, could accordingly result in up to 40,000,000 Shares being repurchased by our Company during the period in which the Buyback Mandate remains in force. On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Buyback Mandate were to be exercised in full, there might be a material adverse impact on the working capital and/or gearing position of our Group (as compared with the position disclosed in this prospectus). However, our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(c) Reasons for repurchases

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share or both.

(d) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with our memorandum and articles of association, the Listing Rules and the applicable laws and regulations from time to time in force of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or from sums standing to the credit of the share premium account of our Company or out of the proceeds of a fresh issue of share made for the purpose of the repurchase or, if authorised by the articles of association of our Company and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company, or if authorised by our Articles of Association and subject to the Companies Law, out of capital.

(e) General

None of our Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules, the memorandum and the articles of association of our Company and the applicable laws of the Cayman Islands.

No connected person (as defined in the Listing Rules) of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event that the Buyback Mandate is exercised.

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase made pursuant to the Buyback Mandate immediately after the Listing.

If the Buyback Mandate is fully exercised immediately following the Capitalisation Issue and completion of the Share Offer, the aggregate number of Shares which will be repurchased pursuant to the Buyback Mandate shall be 40,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions).

If, as a result of a share repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). As a result, a Shareholder or a group of Shareholders acting in concert could, depending on the level of increase of its or their interest, obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases pursuant to the Buyback Mandate.

In the event that the Buyback Mandate is fully exercised, the number of Shares held by the public would fall below 25% of the total number of Shares in issue. Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented if the Stock Exchange agrees to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, under the circumstances, there is insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

7. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the Deed of Indemnity;

(b) the Public Offer Underwriting Agreement;

(c) the capital increase agreement dated 15 December 2018 and entered into by Mr. Song, Mr. Wu, Shenzhen Shuxi, Ms. Xia, Ms. Cao, Suoxinda Shenzhen, and Hongkong Hongsheng, under which Hongkong Hongsheng agreed to inject a total sum of RMB4,167,040 (or equivalent amount in foreign currency) into Suoxinda Shenzhen, among which, RMB3,578,394 was designated for capital increase in the registered capital and the rest amount was kept as capital reserve of Suoxinda Shenzhen; upon completion of the capital increase, Hongkong Hongsheng will own 6% equity interest in Suoxinda Shenzhen;

(d) the equity transfer agreement dated 11 January 2019 and entered into by Mr. Wu and Blue Whale under which Blue Whale agreed to acquire 14.53% of the equity interest in Suoxinda Shenzhen from Mr. Wu for a consideration of RMB10,090,914;

(e) the equity transfer agreement dated 11 January 2019 and entered into by Mr. Song and Blue Whale under which Blue Whale agreed to acquire 65.36% of the equity interest in Suoxinda Shenzhen from Mr. Song for a consideration of RMB45,394,462;

(f) the equity transfer agreement dated 11 January 2019 and entered into by Ms. Xia and Blue Whale under which Blue Whale agreed to acquire 1.85% of the equity interest in Suoxinda Shenzhen from Ms. Xia for a consideration of RMB1,280,960;

(g) the equity transfer agreement dated 11 January 2019 and entered into by Ms. Cao and Blue Whale under which Blue Whale agreed to acquire 0.92% of the equity interest in Suoxinda Shenzhen from Ms. Cao for a consideration of RMB639,839; and

(h) the equity transfer agreement dated 11 January 2019 and entered into by Shenzhen Shuxi and Blue Whale under which Blue Whale agreed to acquire 11.34% of the equity interest in Suoxinda Shenzhen from Shenzhen Shuxi for a consideration of RMB7,877,897.

8. Intellectual property rights

(a) Trademarks

As at the Latest Practical Date, we have registered the following trademarks which are considered to be material to our business:

No.	Trademark	Place of registration	Registration number	Name of registrant	Class	Expiry date
1	索信达	Hong Kong	304722561	Datamargin	36, 42	4 November 2028
2	∫(X)DATA	Hong Kong	304722552	Datamargin	36, 42	4 November 2028
3	∫(X)DATA	PRC	18260224	Suoxinda Shenzhen	37	13 December 2026
4	∫(X)DATA	PRC	18260223	Suoxinda Shenzhen	42	13 December 2026
5	索信达	PRC	11058520	Suoxinda Shenzhen	42	20 October 2023
6		PRC	11058506	Suoxinda Shenzhen	42	20 October 2023
7	索信达	PRC	11058476	Suoxinda Shenzhen	37	20 October 2023

As at the Latest Practical Date, we have applied for the registration of the following trademarks which are considered to be material to our business:

No.	Trademark	Place of registration	Application number	Name of registrant	Class	Application date
1	∫(X)DATA	PRC	36911098	Suoxinda Shenzhen	36	18 March 2019
2	索信达	PRC	36894675	Suoxinda Shenzhen	36	18 March 2019
3	索信达灵犀	PRC	36906634	Suoxinda Shenzhen	36	18 March 2019

No.	Trademark	Place of registration	Application number	Name of registrant	Class	Application date
4	索信达灵犀	PRC	36906622	Suoxinda Shenzhen	42	18 March 2019
5	丘比	PRC	36906624	Suoxinda Shenzhen	36	18 March 2019
6	丘比	PRC	36891221	Suoxinda Shenzhen	42	18 March 2019
7	索信达丘比	PRC	36898097	Suoxinda Shenzhen	9	18 March 2019
8	索信达丘比	PRC	36905172	Suoxinda Shenzhen	36	18 March 2019
9	索信达丘比	PRC	36905155	Suoxinda Shenzhen	42	18 March 2019
10	小羊米仓	PRC	38893049	Suoxinda Shenzhen	42	14 June 2019
11		PRC	38866025	Suoxinda Shenzhen	42	14 June 2019

(b) Patents

As at the Latest Practical Date, we have applied for the registration of the following patents which are considered to be material to our business:

No.	Patent	Place of registration	Application number	Name of registrant	Application date
1	Distribution method, device and storage medium of big data cluster resources* (大數據集群資源的分配方法、分配裝置及存儲介質)	PRC	201710911630.8	Suoxinda Shenzhen	29 September 2017
2	Processing method, system and storage medium of multi-data* (一種多數據的處理方法、系統及存儲介質)	PRC	201711453588.6	Suoxinda Shenzhen	28 December 2017
3	Task Scheduling method for big data platform* (大數據平台的任務調度方法)	PRC	201710980556.5	Suoxinda Shenzhen	19 October 2017
4	Push method, system, terminal and storage medium of Marketing Plan* (一種營銷方案推送方法、系統、終端及存儲介質)	PRC	201711023075.1	Suoxinda Shenzhen	27 October 2017
5	Forecasting method, system and storage medium of sales* (一種產品銷量預測方法、系統及存儲介質)	PRC	201711435704.1	Suoxinda Shenzhen	26 December 2017
6	Information analysis method based on quantile regression* (一種基於分位元數邏輯同歸的資料分析方法)	PRC	201910502413.2	Suoxinda Shenzhen	11 June 2019

No.	Patent	Place of registration	Application number	Name of registrant	Application date
7	Unfixed multi-character verification code recognition method based on convolutional neural network* (基於卷積神經網絡的無固定多字符驗證碼識別方法)	PRC	201910713082.7	Suoxinda Shenzhen	2 August 2019
8	Financial product recommendation method based on GAMxNN model* (一種基於GAMxNN模型的理財產品推薦方法)	PRC	201910713098.8	Suoxinda Shenzhen	2 August 2019
9	Abnormal detection method in financial transaction system based on isolation forest* algorithm (一種基於孤立森林算法的金融交易系統異常識別方法)	PRC	201910713786.4	Suoxinda Shenzhen	2 August 2019
10	Credit risk assessment method based on social network analysis* (一種基於社交網絡分析的信用風險評估方法)	PRC	201910713787.9	Suoxinda Shenzhen	2 August 2019

(c) Copyright

As at the Latest Practical Date, we have possessed the following computer software copyrights in the PRC which are considered to be material to our business:

No.	Copyright	Registration number	Owner	Date of registration	Date of expiry
1	Sendertek Employee Performance Appraisal System V1.0* (Sendertek員工績效考核系統V1.0)	2010SR037738	Suoxinda Shenzhen	29 July 2010	31 December 2060[(a)]
2	SendertekPM Cost Management System V1.0* (SendertekPM成本管理系統V1.0)	2010SR037273	Suoxinda Shenzhen	28 July 2010	31 December 2059[(a)]
3	SendertekUSB Monitoring Management System V1.0* (SendertekUSB監控管理系統V1.0)	2010SR037276	Suoxinda Shenzhen	28 July 2010	31 December 2060[(a)]
4	Sendertek PubEasy Information Publication System V1.0* (Sendertek PubEasy信息發布系統V1.0)	2010SR037947	Suoxinda Shenzhen	30 July 2010	31 December 2059[(a)]
5	Sendertek Information Publication System V1.0* (Sendertek信息發布系統V1.0)	2010SR037275	Suoxinda Shenzhen	28 July 2010	31 December 2059[(a)]
6	Suoxinda Intelligent Control System V1.0* (索信達智能控制系統V1.0)	2010SR040994	Suoxinda Shenzhen	12 August 2010	31 December 2058
7	Sendertek Desktop Cloud Management System V1.0 Sendertek* (Sendertek桌面雲管理系統V1.0)	2010SR039185	Suoxinda Shenzhen	04 August 2010	31 December 2060[(a)]
8	Suoxinda Enterprise Message Platform Software V1.0* (索信達企業短消息平台軟件V1.0)	2010SR040606	Suoxinda Shenzhen	11 August 2010	31 December 2058
9	Suoxinda Help Desk Management System V1.0* (索信達幫助台管理系統V1.0)	2012SR076126	Suoxinda Shenzhen	20 August 2012	31 December 2062
10	Suoxinda Desktop Software Distribution Management System V1.0* (索信達桌面軟件分發管理系統V1.0)	2012SR076671	Suoxinda Shenzhen	21 August 2012	31 December 2062
11	Suoxinda Manufacturing and Execution Information Acquisition System V1.0* (索信達製造執行信息化采集系統V1.0)	2012SR076651	Suoxinda Shenzhen	21 August 2012	31 December 2062
12	Suoxinda Asset Management System V1.0* (索信達資產管理系統V1.0)	2012SR076885	Suoxinda Shenzhen	21 August 2012	31 December 2062

(a) The expiry date will be 31 December of the 50th year after the first publication of the software; provided that it has not been published within 50 years from the date on which the software development is completed, the expiry date will be the date stated therein.

No.	Copyright	Registration number	Owner	Date of registration	Date of expiry
13	Suoxinda Desktop Security Management System V1.0* (索信達桌面安全管理系統V1.0)	2012SR076762	Suoxinda Shenzhen	21 August 2012	31 December 2062
14	Enterprise Cost Management System V1.0* (企業費用管理系統V1.0)	2013SR117599	Suoxinda Shenzhen	01 November 2013	31 December 2063
15	Suoxinda Enterprise File Management Software System V1.0* (索信達企業檔案規範軟件系統V1.0)	2013SR118922	Suoxinda Shenzhen	23 September 2016	31 December 2063
16	Suoxinda Enterprise ERM Monitoring Management Software System V1.0* (索信達企業ERM監察管理軟件系統V1.0)	2013SR117953	Suoxinda Shenzhen	23 September 2016	31 December 2063
17	Suoxinda Quick Business Intelligent Platform Software V1.0* (索信達敏捷商業智能平台軟件V1.0)	2014SR174722	Suoxinda Shenzhen	18 November 2014	31 December 2064
18	Suoxinda Project Management Software V1.0* (索信達項目管理軟件V1.0)	2015SR023956	Suoxinda Shenzhen	04 February 2015	31 December 2064
19	Suoxinda Data Monitoring Platform Software V1.0* (索信達數據監控引擎平台軟件V1.0)	2015SR181283	Suoxinda Shenzhen	17 September 2015	31 December 2064
20	Suoxinda Data Monitoring and Analysing System V1.0* (索信達數倉監控分析系統V1.0)	2015SR181269	Suoxinda Shenzhen	17 September 2015	31 December 2064
21	mort Business Intelligent Software V1.0* (mort商務智能軟件V1.0)	2016SR101726	Suoxinda Shenzhen	11 May 2016	31 December 2065
22	Suoxinda Thousand Faces Gene Knowledge Base Tag Management System V1.0* (索信達千人千面基因知識庫標籤管理系統V1.0)	2016SR295039	Suoxinda Shenzhen	17 October 2016	31 December 2066
23	Qichen Mobile Platform Data Analysis System V1.0* (啟晨移動平台數據解析服務系統 V1.0)	2016SR265503	Suoxinda Shenzhen	19 September 2016	31 December 2062
24	Qichen Mobile Platform File Analysis System V1.0* (啟晨移動平台文檔解析服務系統V1.0)	2016SR265551	Suoxinda Shenzhen	19 September 2016	31 December 2062
25	Suoxinda Data Monitoring Platform V2.0* (索信達數據監控引擎平台V2.0)	2016SR319884	Suoxinda Shenzhen	04 November 2016	31 December 2066
26	Suoxinda Zero Inventory Promotion System V1.0* (索信達零庫存促銷活動系統V1.0)	2016SR325424	Suoxinda Shenzhen	10 November 2016	31 December 2066
27	Suoxinda Search and Track Software V1.0* (索信達檢索牽引軟件V1.0)	2017SR007746	Suoxinda Shenzhen	09 January 2017	31 December 2066

No.	Copyright	Registration number	Owner	Date of registration	Date of expiry
28	Suoxinda Pre-sale Demand Analysis System V1.0* (索信達售前需求分析系統V1.0)	2017SR007947	Suoxinda Shenzhen	09 January 2017	31 December 2066
29	Bank Operating Risk Alert System V1.0* (銀行運營風險預警系統V1.0)	2017SR057346	Suoxinda Shenzhen	27 February 2017	31 December 2066[(a)]
30	Suoxinda Retail Sales Forecasting Collaborative System V1.0* (索信達零售銷售預測協同系統V1.0)	2017SR057351	Suoxinda Shenzhen	27 February 2017	31 December 2066[(a)]
31	Suoxinda Customer Tag Management System V1.0* (索信達客戶標簽管理系統v1.0)	2017SR483751	Suoxinda Shenzhen	01 September 2017	31 December 2067[(a)]
32	Suoxinda Customer Opinion Big Data Platform V1.0* (索信達客戶之聲大數據平台V1.0)	2017SR503041	Suoxinda Shenzhen	11 September 2017	31 December 2067[(a)]
33	Suoxinda Bank Internal Risk Management Alert System Platform V1.0* (索信達銀行內部風控預警系統平台V1.0)	2017SR552327	Suoxinda Shenzhen	28 September 2017	31 December 2067[(a)]
34	Suoxinda Historical Data Search System V1.0* (索信達歷史數據查詢系統V1.0)	2017SR615364	Suoxinda Shenzhen	09 November 2017	31 December 2067[(a)]
35	Suoxinda Smart Marketing Platform V1.0* (索信達智慧營銷平台V1.0)	2017SR630860	Suoxinda Shenzhen	17 November 2017	31 December 2067[(a)]
36	Suoxinda Case Management System V1.0* (索信達案件管理系統V1.0)	2017SR615358	Suoxinda Shenzhen	09 November 2017	31 December 2067[(a)]
37	Suoxinda Big Data Analysis Platform V1.0* (索信達大數據分析平台V1.0)	2017SR633326	Suoxinda Shenzhen	17 November 2017	31 December 2067[(a)]
38	Manufacturing Public Opinion Analysis Platform V1.0* (製造業輿情分析平台V1.0)	2017SR702312	Suoxinda Shenzhen	18 December 2017	31 December 2067[(a)]
39	Suoxinda Knowledge Map Analysis Platform V1.0* (索信達知識圖譜分析平台V1.0)	2017SR731826	Suoxinda Shenzhen	26 December 2017	31 December 2067[(a)]
40	Suoxinda Anti-fraud Application Platform V1.0* (索信達申請反欺詐平台V1.0)	2018SR018539	Suoxinda Shenzhen	09 January 2018	31 December 2067[(a)]
41	Smart Energy Big Data Analysis Platform V1.0* (智慧能源大數據分析平台V1.0)	2018SR370932	Suoxinda Shenzhen	23 May 2018	31 December 2068[(a)]

(a) The expiry date will be 31 December of the 50th year after the first publication of the software; provided that it has not been published within 50 years from the date on which the software development is completed, the expiry date will be the date stated therein.

No.	Copyright	Registration number	Owner	Date of registration	Date of expiry
42	Intelligent Post-sale Customer Opinion Analysis System V1.0* (智能售後客戶之聲分析系統V1.0)	2018SR403430	Suoxinda Shenzhen	31 May 2018	31 December 2068[(a)]
43	Suoxinda Qiubi Intelligent Marketing Platform V1.0*[(b)] (索信達丘比智能營銷平台V1.0)	2018SR508473	Suoxinda Shenzhen	03 July 2018	31 December 2068[(a)]
44	Anti-fraud Transaction Case Management System V1.0* (交易反欺詐案件管理系統V1.0)	2017SR638870	Suoxinda Beijing	21 November 2017	31 December 2067[(a)]
45	Suoxinda Data Monitoring Platform V1.0* (索信達數據監測平台V1.0)	2017SR102592	Suoxinda Beijing	5 April 2017	31 December 2067
46	Suoxinda Data Information Management System V1.0* (索信達數據信息管理系統V1.0)	2017SR127019	Suoxinda Beijing	20 April 2017	31 December 2066
47	Suoxinda File Database Management System V1.0* (索信達文檔知識庫管理系統V1.0)	2017SR127011	Suoxinda Beijing	20 April 2017	31 December 2066
48	Suoxinda Sales Forecasting Management System V1.0* (索信達銷售預測管理系統V1.0)	2017SR122004	Suoxinda Beijing	18 April 2017	31 December 2066
49	Suoxinda Public Opinion Monitoring and Analysis Software V1.0* (索信達輿情監測分析軟件V1.0)	2017SR126432	Suoxinda Beijing	19 April 2017	31 December 2066
50	Suoxinda Intelligent Transfer Management System V1.0* (索信達智慧傳輸管理系統V1.0)	2017SR126426	Suoxinda Beijing	19 April 2017	31 December 2067
51	Safe Data Search Platform V1.0* (數據安全索引平台V1.0)	2017SR620997	Suoxinda Beijing	13 November 2017	31 December 2067
52	Database Monitoring and Alarm System V1.0* (數據倉庫監控預警系統V1.0)	2017SR621010	Suoxinda Beijing	13 November 2017	31 December 2067
53	Sales Forecasting Collaborative System V1.0* (銷售預測協同平台V1.0)	2017SR621006	Suoxinda Beijing	13 November 2017	31 December 2067
54	Bank Risk Management System V1.0* (銀行風險管控系統 V1.0)	2017SR621001	Suoxinda Beijing	13 November 2017	31 December 2067

Note:

(a) The expiry date will be 31 December of the 50th year after the first publication of the software; provided that it has not been published within 50 years from the date on which the software development is completed, the expiry date will be the date stated therein.

(b) Suoxinda Shenzhen has applied for the change of name of this copyright from the previous name into this new name on 18 March 2019.

(d) Domain names

As at the Latest Practicable Date, our Group was the registered proprietor of the following material registered domain names:

No.	Domain Name	Name of Registrant	Expiry date
1	datamargin.com	Suoxinda Shenzhen	19 July 2021
2	itsxd.com	Suoxinda Shenzhen	31 March 2021

The contents of the website(s) do not form part of this prospectus. Except as aforesaid, there are no other trade or service marks, patents, other intellectual or industrial property rights which are or may be material in relation to the business of our Group.

9. Related party transactions

For further details of the related party transactions of our Group entered into within two years immediately preceding the date of this prospectus, please refer to the Accountant's Report set out in Appendix I to this prospectus.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

10. Directors

(a) Disclosure of interests of our Directors

Interests and short positions of the Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations following completion of the Capitalisation Issue and the Share Offer:

Immediately following completion of the Capitalisation Issue and the Share Offer, the interests and short positions of the Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or any of the 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 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 recorded in the register as 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 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

(a) Long position in our Shares

Name	Nature of interest	Number of Shares(1)	Approximate percentage of shareholding(2)
Mr. Song	Interest in controlled corporation(3)	196,080,000 (L)	49.02%
Mr. Wu	Interest in controlled corporation(4)	43,590,000 (L)	10.90%

Notes:

(1) The letter "L" denotes the person's "long position" (as defined under Part XV of the SFO) in our Shares.

(2) The calculation is based on the total number of 400,000,000 Shares in issue after the completion of the Capitalisation Issue and the Share Offer.

(3) The Shares are registered in the name of Mindas Touch, which is wholly owned by Mr. Song. Accordingly, Mr. Song is deemed to be interested in all the Shares held by Mindas Touch under the SFO.

(4) The Shares are registered in the name of Ideal Treasure, which is wholly owned by Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in all the Shares held by Ideal Treasure under the SFO.

(b) Particulars of Directors' service contracts

Executive Directors

Each of the executive Directors has entered into a service contract with our Company on 15 November 2019. The initial fixed term of their respective service contract is three years commencing from the Listing Date, and is renewable automatically until terminated in accordance with the terms and conditions of the service contract or by either party giving not less than three months' prior notice in writing to the other party. The current basic annual salary of our executive Directors are as follows:

Executive Directors	Basic Annual Salary *(HK$)*
Mr. Song	300,000
Mr. Wu	180,000
Mr. Lam	180,000
Ms. Wang	180,000

Independent non-executive Directors

The independent non-executive Directors have been appointed for a term of one year commencing from 15 November 2019 renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment subject to retirement by rotation and re-election at annual general meetings of our Company and until terminated by not less than three months' notice in writing served by either the Company or the respective Director. Our Company intends to pay a director's fee of HK$10,000 per month to the independent non-executive Directors. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors remuneration

The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of the three financial years ended 31 December 2018 and FP2019 were approximately RMB1.3 million, RMB1.2 million, RMB1.1 million and RMB0.6 million respectively.

Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including independent non-executive Directors in their respective capacity as Directors) for the year ending 31 December 2019 are expected to be approximately RMB1.2 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the three years ended 31 December 2018 and FP2019 (i) as an inducement to join or upon joining our Group or (ii) for 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.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the three years ended 31 December 2018 and FP2019.

11. Substantial shareholders

So far as is known to our Directors or chief executive of our Company, immediately following completion of the Share Offer, the following persons (other than our Directors and chief executive) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or are required to be recorded in the register required to be kept under section 336 of the SFO, or who are, directly or indirectly, interested in 10% or more of the issued voting shares of any other members of our Group:

Name of shareholders	Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mindas Touch	Beneficial interest	196,080,000	49.02%
Ideal Treasure	Beneficial interest	43,590,000	10.90%
Thousand Thrive(1)	Beneficial interest	34,020,000	8.50%
Ms. Liu(1)	Interest in controlled corporation	34,020,000	8.50%
Ms. Huang Liming (黃黎明)(2)	Interest of spouse	196,080,000	49.02%
Ms. Chi Xianfang (池嫻芳)(3)	Interest of spouse	43,590,000	10.90%
Mr. Fan Yuehua (范月華)(4)	Interest of spouse	34,020,000	8.50%

12. Disclaimers

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus and the paragraph "C. Further Information about Directors and Substantial Shareholders" in this appendix and as at the Latest Practicable Date:

(a) our Directors are not aware of any other person (not being a Director or the chief executive of our Company) who will, immediately following the completion of the Capitalisation Issue and Share Offer, have interests and/or short positions in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company

Notes:

(1) Thousand Thrive is owned as to 37.04% by Ms. Liu, 20.54% by Ms. Wang, 15.50% by Ms. Wei, 12.01% by Mr. Chen Liang and 14.91% by Ms. Zhu, respectively. By virtue of the SFO, Ms. Liu is deemed to be interested in the Shares held by Thousand Thrive.

(2) Ms. Huang Liming (黃黎明) is the spouse of Mr. Song. Under Part XV of the SFO, Ms. Huang Liming (黃黎明) is deemed to be interested in the same number of Shares in which Mr. Song is interested.

(3) Ms. Chi Xianfang (池嫻芳) is the spouse of Mr. Wu. Under Part XV of the SFO, Ms. Chi Xianfang (池嫻芳) is deemed to be interested in the same number of Shares in which Mr. Wu is interested.

(4) Mr. Fan Yuehua (范月華) is the spouse of Ms. Liu. Under Part XV of the SFO, Mr. Fan Yuehua (范月華) is deemed to be interested in the same number of Shares in which Ms. Liu is interested.

pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the issued voting shares of any members of our Group;

(b) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company, our subsidiary or any of the associated corporation (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 short positions which he/she is 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 to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed;

(c) none of our Directors nor any of the parties named in the paragraph headed "20. Consents of experts" in this section was interested, directly or indirectly, in the promotion of, or in any assets which had been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or were proposed to be acquired or disposed of by or leased to our Company or any member of our Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;

(d) none of our Directors nor any of the parties named in the paragraph headed "20. Consents of experts" in this section was materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant to the business of our Group taken as a whole;

(e) save in connection with the Underwriting Agreements, none of the experts referred to in the paragraph headed "20. Consents of experts" in this section,

    (i) is interested legally or beneficially in any securities of any member of our Group; or

    (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(f) none of our Directors or their respective close associates nor, to the knowledge of our Directors, any Shareholders who held more than 5% of the total Shares as at the Latest Practicable Date had any interest in the five largest customers or the five largest suppliers of our Company.

D. OTHER INFORMATION

13. Estate duty, tax and other indemnities

Our Controlling Shareholders, Mr. Song and Mindas Touch (collectively, the "**Indemnifiers**") have, under the Deed of Indemnity (please refer to the paragraph headed "B. Further Information about the Business of our Company — 7. Summary of material contracts" in this appendix for further disclosure), unconditionally and irrevocably, jointly and severally covenants to indemnify and keep our Company (for ourselves and as trustee for our subsidiaries) and each member of our Group fully indemnified in connection with, among other things:

(a) any liability for Hong Kong estate duty which is or hereafter becomes payable by any member of our Group under or by virtue of the provisions of section 35 and/or section 43 of the Estate Duty Ordinance or legislation similar thereto in Hong Kong or any part of the world by reason of the death of any person at any time and by reason of the transfer of property to any member of our Group on or before the date on which the Share Offer becomes unconditional;

(b) any taxation falling on any member of our Group (i) in respect of or by reference to any income, profits or gains earned, accrued or received or deemed or alleged to have been earned, accrued or received on or before the date on which Share Offer becomes unconditional; or (ii) in respect of or in consequence of any transactions, acts, omission, matters, things entered into or occurring or deemed to enter into or occur on or before the date on which the Share Offer becomes unconditional; and

(c) any claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by the Company and/or any member of our Group as a result of or in connection with (i) any non-compliance with or breach of any applicable laws, rules or regulations of any jurisdiction by any member of our Group (including but not limited to the non-compliances disclosed in the section headed "Business — Legal Proceedings and Compliance — Non-compliance" in this prospectus) on or before the date on which the Share Offer becomes unconditional; (ii) any litigation, proceeding, claim (including counter-claim), investigation, inquiry, enforcement proceeding or process by any governmental, administrative or regulatory body which (a) any member of our Group and/or their respective directors or any of them is/are involved; and/or (b) arises due to some act or omission of, or transaction voluntarily effected by, our Group or any member of our Group (whether alone or in conjunction with some other act, omission or transaction), in each case on or before the date on which the Share Offer becomes unconditional, except that provision, reserve or allowance has been made for such liabilities in the audited consolidated financial statements of the Company or any member of our Group for the Track Record Period.

The indemnity given under the Deed of Indemnity will, however, not cover any taxation claim to the extent that:

(a) specific provision, reserve or allowance has been made for such taxation liability or taxation claim in the audited consolidated accounts of the Company or any member of our Group for the Track Record Period; or

(b) the taxation arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or

(c) any provision or reserve made for taxation in the audited accounts of any member of our Group for each of the financial years during the Track Record Period which is finally established to be an over-provision or an excessive reserve (except where the amount of any such provision or reserve applied to reduce the Indemnifier' liability in respect of taxation pursuant to the Deed of Indemnity shall not be available).

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Company or any member of our Group.

14. Litigation

We are not involved in any material litigation, arbitration or administrative proceedings. So far as the Directors are aware, no such litigation, arbitration or administrative proceedings are pending or threatened against any member of our Group.

15. Preliminary expenses

The preliminary expenses incurred by our Company relating to our incorporation were approximately HK$46,000 and were paid by us.

16. Promoters

We have no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to any promoter in connection with the Share Offer or the related transactions described in this prospectus.

17. Agency fees or commissions paid or payable

Save as disclosed in the section headed "Underwriting" in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries within the two years ended on the date of this prospectus.

18. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the Capitalisation Issue and the Share Offer. All necessary arrangements have been made to enable the securities to be admitted into CCASS. The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive a fee of HK$6,300,000 and bonus of HK$2,300,000 to act as the sponsor to our Company in connection with the Share Offer.

19. Qualification of experts

The qualifications of the experts, as defined under the Listing Rules, who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

Name	Qualifications
Essence Corporate Finance (Hong Kong) Limited	Licenced by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants
JunZeJun Law Offices	PRC legal advisers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Frost & Sullivan	Industry consultant
Sinoappraisal Advisory Limited	Property valuer
Shenzhen Qianhai PricewaterhouseCoopers Business Consulting Services Co., Limited	Tax consultant

20. Consents of experts

Each of the experts as referred to in the paragraph headed "19. Qualification of experts" in this appendix has given, and has not withdrawn, their respective written consents to the issue of this prospectus with the inclusion of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included in this prospectus in the form and context in which they respectively appear.

21. Interest of experts

Save as pursuant to the Underwriting Agreement, none of the persons referred to in the paragraph headed "19. Qualification of experts" in this appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

22. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all 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.

23. No material adverse change

Our Directors confirm that there has been no material adverse change in our financial or trading position since 31 May 2019 (being the date to which the latest consolidated financial statements of our Group were made up) and up to the date of this prospectus.

24. Taxation of holders of shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

25. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

26. Miscellaneous

(a) Save as disclosed in this prospectus:

(i) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(iii) within the two years immediately preceding the date of this prospectus, no commission (but not including commission to the Underwriters) has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries;

(b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares of our company or any of its subsidiaries has been issued or agreed to be issued and no amount or benefit had been paid or given within two preceding years or is intended to be paid or given to any promoter;

(d) There is no arrangement under which future dividends are waived or agreed to be waived; and

(e) Our Company has no outstanding convertible debt securities or debentures.

(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 our Group in the 12 months preceding the date of this prospectus.

(g) No company within our Group is presently listed or dealt with on any stock exchange or traded on any trading system.

27. Others

The English text of this prospectus shall prevail over the Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents:

(a) copies of the **WHITE**, **YELLOW** and **GREEN** application forms;

(b) the written consents referred to in the section headed "Statutory and General Information — D. Other information — 20. Consents of experts" in Appendix V to this prospectus; and

(c) certified copies of the material contracts referred to in the section headed "Statutory and General Information — B. Further information about the business of our Company — 7. Summary of material contracts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Anthony Siu & Co., Solicitors and Notaries at Units 1102–3, 11th Floor, Nine Queen's Road Central, Central, Hong Kong, during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the Accountant's Report from PricewaterhouseCoopers in respect of the historical financial information for each of the three years ended 31 December 2018 and the five months ended 31 May 2019, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for the three financial years ended 31 December 2018 and the five months ended 31 May 2019;

(d) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(e) the letter, summary of value and valuation report in relation to the property interest of the Group prepared by Sinoappraisal Advisory Limited, the text of which is set out in Appendix III to this prospectus;

(f) the Companies Law;

(g) the letter of advice prepared by Conyers Dill & Pearman, our legal advisers as to Cayman Islands law, summarising certain aspects of the Cayman Islands company law referred to in Appendix IV to this prospectus;

(h) the legal opinion prepared by JunZeJun Law Offices, our PRC Legal Advisers as to PRC law, in respect of the certain aspects of our Group and the property interests of our Group in the PRC;

(i) the material contracts referred to in the section headed "Statutory and General Information — B. Further information about the business of our Company — 7. Summary of material contracts" in Appendix V to this prospectus;

(j) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed "Industry Overview" in this prospectus;

(k) the advice letter issued by Shenzhen Qianhai PricewaterhouseCoopers Business Consulting Services Co., Limited, our tax consultant, in respect of the transfer pricing;

(l) the written consents referred to in the section headed "Statutory and General Information — D. Other information — 20. Consents of experts" in Appendix V to this prospectus; and

(m) the service contracts referred to in the section headed "Statutory and General Information — C. Further information about Directors and Substantial Shareholders — 10. Directors" in Appendix V to this prospectus.

索信达控股有限公司
SUOXINDA HOLDINGS LIMITED