



# 九方财富

## JF Wealth Holdings Ltd 九方财富控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9636

# GLOBAL OFFERING

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



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



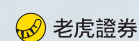
Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Bookrunners and Joint Lead Managers



Joint Lead Managers



# IMPORTANT

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



## JF Wealth Holdings Ltd 九方财富控股有限公司

(Incorporated in the Cayman Islands with limited liability)

### GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 59,618,500 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 5,962,000 Shares (subject to adjustment)
Number of International Offer Shares	: 53,656,500 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$18.78 per Offer Share plus brokerage of 1%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.00001 per Share
Stock code	: 9636

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



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

*Joint Global Coordinator,  
Joint Bookrunner  
and Joint Lead Manager*



*Joint Bookrunners and Joint Lead Managers*



*Joint Lead Managers*



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

A copy of this prospectus, having attached thereto the documents specified in the "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" 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 of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between us and the Overall Coordinators (on behalf of the Underwriters) on or about Friday, March 3, 2023 and, in any event, not later than Tuesday, March 7, 2023. The Offer Price will be not more than HK\$18.78 per Offer Share and is currently expected to be not less than HK\$16.98 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$18.78 per Offer Share, together with brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price is less than HK\$18.78 per Offer Share. If, for any reason, the Offer Price is not agreed between us and the Overall Coordinators (on behalf of the Underwriters) on or before Tuesday, March 7, 2023 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Overall Coordinators (on behalf of the Underwriters), with our consent, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of our Company at [jwealth.investorroom.com](http://jwealth.investorroom.com) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "The Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" of 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 any state securities law in the United States and may not be offered, sold, pledged or transferred 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 and applicable U.S. state securities laws. The Offer Shares are being offered and sold outside the United States in offshore transactions in accordance with Regulation S.

#### ATTENTION

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

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [jwealth.investorroom.com](http://jwealth.investorroom.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

February 28, 2023

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## IMPORTANT

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### IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

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

This prospectus is available at the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKEXnews > New Listings > New Listing Information” section, and our website at [jfwealth.investorroom.com](http://jfwealth.investorroom.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

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

- (1) apply online through the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk);
- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
  - (i) instructing 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 Hong Kong Offer Shares on your behalf; or
  - (ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants through HKSCC’s Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8600 on the following dates:

**Tuesday, February 28, 2023 – 9:00 a.m. to 9:00 p.m.**  
**Wednesday, March 1, 2023 – 9:00 a.m. to 9:00 p.m.**  
**Thursday, March 2, 2023 – 9:00 a.m. to 9:00 p.m.**  
**Friday, March 3, 2023 – 9:00 a.m. to 12:00 noon**

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

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

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

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## IMPORTANT

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Your application must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>
500	9,484.69	7,000	132,785.78	50,000	948,469.81	700,000	13,278,577.41
1,000	18,969.40	8,000	151,755.18	60,000	1,138,163.77	800,000	15,175,517.05
1,500	28,454.09	9,000	170,724.56	70,000	1,327,857.73	900,000	17,072,456.66
2,000	37,938.79	10,000	189,693.96	80,000	1,517,551.70	1,000,000	18,969,396.30
2,500	47,423.49	15,000	284,540.95	90,000	1,707,245.68	1,500,000	28,454,094.46
3,000	56,908.18	20,000	379,387.92	100,000	1,896,939.64	2,000,000	37,938,792.60
3,500	66,392.88	25,000	474,234.91	200,000	3,793,879.25	2,500,000	47,423,490.76
4,000	75,877.58	30,000	569,081.89	300,000	5,690,818.89	2,981,000 <sup>(1)</sup>	56,547,770.37
4,500	85,362.28	35,000	663,928.88	400,000	7,587,758.52		
5,000	94,846.99	40,000	758,775.85	500,000	9,484,698.16		
6,000	113,816.38	45,000	853,622.84	600,000	11,381,637.78		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

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

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## EXPECTED TIMETABLE<sup>(1)</sup>

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*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at [jfwealth.investorroom.com](http://jfwealth.investorroom.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*

Hong Kong Public Offering commences . . . . . 9:00 a.m. on  
Tuesday, February 28, 2023

Latest time to complete electronic applications under  
**White Form eIPO** service through the designated  
website at [www.eipo.com.hk](http://www.eipo.com.hk)<sup>(2)</sup> . . . . . 11:30 a.m. on  
Friday, March 3, 2023

Application lists open<sup>(3)</sup> . . . . . 11:45 a.m. on  
Friday, March 3, 2023

Latest time to (a) lodge completing payment of  
**White Form eIPO** applications by effecting internet banking  
transfers(s) or PPS payment transfer(s) and (b) giving  
**electronic application instructions** to HKSCC<sup>(4)</sup> . . . . . 12:00 noon on  
Friday, March 3, 2023

If you are instructing 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 Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close<sup>(3)</sup> . . . . . 12:00 noon on  
Friday, March 3, 2023

Expected Price Determination Date<sup>(5)</sup> . . . . . Friday, March 3, 2023

Announcement of the final Offer Price, the level of indications  
of interest in the International Offering, the level of  
applications in the Hong Kong Public Offering and the  
basis of allocation of the Hong Kong Offer Shares under  
the Hong Kong Public Offering to be published and on  
the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk)  
and the Company's website at [jfwealth.investorroom.com](http://jfwealth.investorroom.com)<sup>(6)</sup>  
on or before. . . . . Thursday, March 9, 2023

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## EXPECTED TIMETABLE<sup>(1)</sup>

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The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at [jfwealth.investorroom.com](http://jfwealth.investorroom.com) and [www.hkexnews.hk](http://www.hkexnews.hk) respectively . . . . . Thursday, March 9, 2023
  
- from the designated results of allocations website at [www.iporeresults.com.hk](http://www.iporeresults.com.hk) (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function from . . . . . 8:00 a.m. on Thursday, March 9, 2023 to 12:00 midnight on Wednesday, March 15, 2023
  
- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . . Thursday, March 9, 2023, Friday, March 10, 2023, Monday, March 13, 2023, and Tuesday, March 14, 2023

Share certificates in respect of wholly or partially successful applications to be dispatched/collected or deposited into CCASS on or before<sup>(7)</sup> . . . . . Thursday, March 9, 2023

**White Form** e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before<sup>(8)(9)</sup> . . . . . Thursday, March 9, 2023

Dealings in the Shares on the Stock Exchange expected to commenced at . . . . . 9:00 a.m. on Friday, March 10, 2023

The application for the Hong Kong Offer Shares will commence on Tuesday, February 28, 2023 through Friday, March 3, 2023. The application monies (including brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicant(s) without interest on Thursday, March 9, 2023. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Friday, March 10, 2023.

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## EXPECTED TIMETABLE<sup>(1)</sup>

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*Notes:*

- (1) All times and dates refer to Hong Kong local times and dates.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above and/or an announcement of “extreme conditions” caused by a super typhoon by the Government of Hong Kong in accordance with revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Hong Kong Labor Department in June 2019 in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, March 3, 2023, the application lists will not open on that day. For further details, please see “How to Apply for Hong Kong Offer Shares – (C) Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists”.
- (4) Applicants who apply for Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to “How to Apply for Hong Kong Offer Shares – (A) Applications for Hong Kong Offer Shares – 6. Applying through **CCASS EIPO** service”.
- (5) The Price Determination Date is expected to be on or about Friday, March 3, 2023 and in any event, not later than Tuesday, March 7, 2023. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (on behalf of the Underwriter) and us on or before Tuesday, March 7, 2023, the Global offering will not proceed and will lapse.
- (6) None of the website or any of the information contained on the websites forms part of this prospectus.
- (7) Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination” has not been exercised. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid evidence of title do so entirely at their own risk.
- (8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of wholly or partially successful applicants in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.
- (9) Applicants who have applied on **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, March 9, 2023 or any other places or date as notified by us as the date of dispatch/collection of Share certificates/e-refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **CCASS EIPO** service should refer to “How to Apply for Hong Kong Offer Shares – (G) Dispatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Checks – Personal Collection – (b) if you apply through the **CCASS EIPO** service” for details.

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

Share certificates and/or refund checks for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.

Further information is set out in “How to Apply for Hong Kong Offer Shares – (F) Refund of Application Monies” and “(G) Dispatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Checks”.

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## **EXPECTED TIMETABLE<sup>(1)</sup>**

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The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please see “The Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares”, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.



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## IMPORTANT NOTICE TO INVESTORS

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

*You should rely on the information contained in this prospectus and the GREEN Application Form to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, and the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Information contained in our website, located at [jfwealth.investorroom.com](http://jfwealth.investorroom.com), does not form part of this prospectus.*

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## SUMMARY

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

*There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

We are an online investment decision-making solution provider in China with a focus on the provision of education services and financial information software services in the online investor content service market. We offer online investor content services, including online high-end investor education services and online financial literacy education services, and financial information software services to help individual investors better understand the financial market and make investment decisions, instead of providing investment or stock recommendations. According to Frost & Sullivan, with total gross billing of RMB2,001.2 million and a market share of 5.9% in 2021, we were the second largest online investment decision-making solution provider in China. With gross billing of RMB1,390.7 million from our online high-end investor education services and online financial literacy education services and a market share of 11.2% in 2021, we were the largest online investor content service provider in China, according to the same source.

We launched our business to equip investors with financial knowledge and market experience via an investor education system and investment decision-making solution services. Since our inception, we have continuously enhanced our experience, knowledge and technology and have become a comprehensive, user-oriented, and internet-based investment decision-making solution provider. Our tailored and diverse offerings, ranging from basic wealth management knowledge to advanced investment practicing skills, addresses the distinctive investment decision-making needs of individual investors at all levels of investment experience. During the Track Record Period, we generated revenue from the following three offerings:

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## SUMMARY

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### *Online high-end investor education services*



We started to provide online high-end investor education services in 2018. Online high-end investor education service typically refers to recorded videos or online live streaming courses delivering comprehensive trainings and classes to help investors form solid financial knowledge base. In line with industry practice, our online high-end investor education services provide comprehensive education curricula and internet-based professional investment decision-making solution services for the mass affluent class in China, i.e., individual investors with a balance of investible securities equal to or above RMB300,000 or typically an average annual household/individual income within RMB500,000. Our services are primarily delivered in the form of pre-recorded online courses, livestreaming broadcasts, express market reviews, as well as various premium services such as one-on-one advisory services. We mainly provide our online high-end investor education services through SmartInvest Pro, our proprietary App with both mobile and PC versions. The gross billing of online high-end investor education services was RMB413.4 million, RMB1,026.2 million, RMB1,373.0 million, RMB1,043.2 million and RMB902.8 million, respectively, in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022.

### *Financial information software services*



We launched financial information software services in 2021. Our financial information software services provide professional, timely and broad financial market related information, data analysis, and investment decision-making support to our customers with greater investment experience and more complex needs, expanding our customer base amongst more seasoned investors. We mainly provide our financial information software services through SmartInvest Info, our proprietary App with both mobile and PC versions. The gross billing of financial information software services was RMB610.5 million, RMB415.1 million and RMB608.7 million in 2021 and the ten months ended October 31, 2021 and 2022, respectively.

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## SUMMARY

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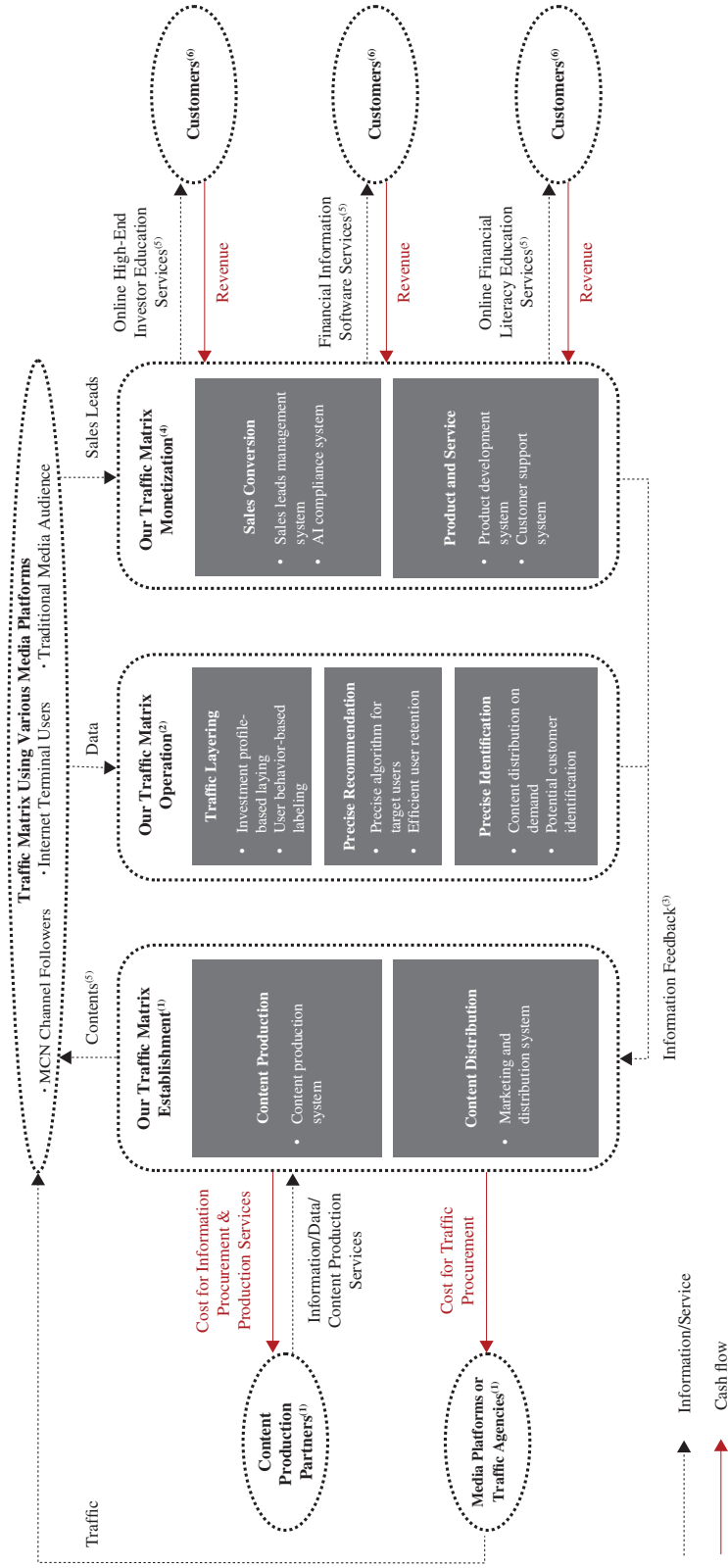
*Online financial literacy  
education services*



We have been offering online financial literacy education services since December 2020. Our online financial literacy education services focus on providing financial knowledge and asset management skills for novice investors through SmartInvest Intro, our proprietary mobile App. However, we switched our focus from online financial literacy education services to the other two offerings since 2022 as we believe the target customers of online financial literacy education services were more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, and the gross billing of online financial literacy education services was RMB0.05 million, RMB17.7 million, RMB17.1 million and RMB0.008 million, respectively, in 2020, 2021 and the ten months ended October 31, 2021 and 2022, which contributed less than 0.1%, 0.9%, 1.2% and less than 0.1% of our total gross billing during the same periods.

**OUR BUSINESS MODEL**

The following chart illustrates our business model:



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## SUMMARY

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- (1) We acquire market information from our upstream financial information suppliers such as stock exchanges as well as official finance and economics media. We also engage or cooperate with third-party content production partners such as professional studios, who are our suppliers, throughout the content production process, from scriptwriting, directing, shooting to post-production of contents. After production, our contents are published on our MCN channels, internet terminals and traditional media or distributed by our contracted agents. See “Business – Our Business Model – Traffic Matrix Establishment.”

We procure internet traffic directly from media platforms or traffic agencies, through which we distribute our free-of-charge contents to our audience.

- (2) We conduct traffic profiling and layering upon multi-faceted data collected from our customers and generate user profiles with multivariate dimensions. Based on their user profiles, our precise-reach algorithm will then curate the content feeds that the audience receive. See “Business – Our Business Model – Traffic Matrix Operation.”
- (3) Information feedback from operation stage and monetization stage would be further analyzed and utilized by our AI technology to generate tailored and targeted contents on various media platforms. See “Business – Our Business Model – Traffic Matrix Operation – Feedback Loop from Operation Stage to Establishment Stage.”
- (4) Through the establishment and operation of our traffic matrix, we are able to accumulate sales leads including, among others, contact details provided by potential customers interested in our contents or messages left by such potential customers through, for example, our official website or our Smart Selection (會選股) App. Unlike our revenue-generating Apps, namely SmartInvest Pro, SmartInvest Intro and SmartInvest Info, our Smart Selection App serves as a marketing channel through which we distribute free investment-related contents. Our sales leads management system equips our sales staff with a full suite of tools all the way from sales leads distribution, community management, continuous customer reach, customer profile management to deal handling. For example, the system automatically distributes the sales leads to our sales staff, enabling our sales staff to reach out to the potential customers that demonstrates adequate interest in our contents distributed through the MCN channels, internet terminals and traditional media and is willing to subscribe to our offerings. See “Business – Our Business Model – Traffic Matrix Monetization.”
- (5) Since February 2018, we have engaged Fumeng, a holder and the service vendor of AVP License, to provide technology and service for video and audio broadcasting on our internet terminals and our revenue-generating Apps. See “Business – Our Suppliers.”
- (6) Our customers are the individual paying users of our offerings, namely, online high-end investor education services, financial information software services and online financial literacy education services. See “Business – Our Customers.”

Our traffic matrix using various media platforms is the key momentum behind our traffic acquisition and customer acquisition processes. We can more efficiently and effectively identify, target and attract potential customers through various media platforms from traditional media, such as TV and radio, to internet terminals, such as Smart Selection (會選股) App, our official website and our embedded features built in Baidu and 360 search engines, as well as MCN channels, represented by financial self-media IPs operating on various social media platforms. As of December 31, 2022, we had a total of 245 accounts operated by MCNs on various internet platforms with approximately 36.0 million followers. For the 30 days ended December 31, 2022 alone, we obtained approximately 133.4 million video or page views and approximately 1.8 million interactions. As of October 31, 2022, our Smart Selection (會選股) App had approximately 4.0 million registered users. As of October 31, 2022, we recorded more than 3.5 million average monthly page views of our embedded features built in Baidu and 360 search engines for the previous 12 months. Our collaborated TV programs were watched by an average of 2.0 million viewers on a daily basis in 2021. We optimize the efficacy of our traffic matrix in brand exposure, user acquisition and revenue generation through three processes: (i) traffic matrix establishment, (ii) traffic matrix operation and (iii) traffic matrix monetization.



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## SUMMARY

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Production and distribution of our contents are at the heart of our traffic matrix establishment. We acquire market information from our upstream financial information suppliers such as stock exchanges as well as official finance and economics media. We also engage or cooperate with third-party content production partners such as creative studios throughout the content production process, from scriptwriting, directing, shooting to post-production of contents. Since August 2021, we have engaged Shenzhen Huatian, a holder and the service vendor of RTPPO License, to provide video, audio and livestreaming broadcast production services to us. See “Business – Our Suppliers.” After production, our contents are published on our MCN channels, internet terminals and traditional media or distributed by our agents. For the video and audio broadcasting on our internet terminals, we engaged Fumeng, a holder and the service vendor of AVP License, to provide video and audio broadcasting technology and service during the Track Record Period. See “Business – Our Suppliers.” We primarily operate our traffic matrix through a layering, identification and recommendation process. The establishment and operation of our traffic matrix are not two isolated stages. User profiles obtained from the big-data analytic process in the matrix operation stage also serves as valuable insights for our content distribution.

Leveraging the data and traffic we acquire through the process of traffic matrix establishment and traffic matrix operation, we have developed efficient and effective models of monetization. Our sales conversion process is primarily supported by two systems: a sales leads management system and an AI compliance system. We have a dedicated product development team consisting of experienced experts to carry out in-depth analysis on investment topics. We also place high emphasis on customer experience and satisfaction. Our customer support team provides real-time, and 24/7 assistance to our customers.

Our business model enables us to design our services for customers from various backgrounds, providing systematic and professional curricula, market information, decision making analysis, and personalized one-on-one advisory services. Combined with our strong R&D capabilities, we are able to constantly produce high-quality investment and wealth management contents.

### **Industry and business model**

We compete in a highly competitive market featured with relatively high acquisition cost, low conversion rate and high refund rate, arising from the demand for effective methods to acquire users, the overall high traffic acquisition cost, and the susceptibility to the market volatilities.

### ***User acquisition***

According to Frost & Sullivan, online investment decision-making solution providers generally have high level of average paying user acquisition cost and low conversion rate in a similar manner, because (i) the comparable products and services offered in this market generally charge relatively high subscription prices, which would naturally filter out advertisement audiences who are hesitant to pay for online investment courses and financial

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## SUMMARY

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information software services; and (ii) unlike general internet products or tools with the entire group of internet user as their potential customers, the professionalism of the products and services in this market tend to narrow the target customer group to those who are investors with demands for financial investment knowledge and technical tools.

We evaluate our marketing results and acquisition cost for new users by monitoring the average internet traffic procurement expenses per new paying user for a given year or period. Our average internet traffic procurement expenses per new paying user during the Track Record Period amounted to RMB5,219, RMB9,303, RMB6,091 and RMB14,003 in 2019, 2020, 2021 and the ten months ended October 31, 2022, respectively. The recent increase in such cost was mainly due to (i) the decrease in the number of paying users for online financial literacy education services and the standard version of financial information software services, and (ii) our strategic focus on customers with higher average spending, both of which have contributed to the increase in average internet traffic procurement expenses per new paying user. In particular, in 2022, we increased our investment in acquiring customers for premium and deluxe packages of our online high-end investor education services and financial information software services, in line with our business strategy. Our conversion rate from our sales leads defined as the number of new customers per year/period divided by the number of new sales leads during the same year/period was 1.0%, 0.4%, 0.9%, 0.9% and 0.7% in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022. According to Frost & Sullivan, our efficiency in user acquisition is generally in line with the industry average, as indicated by our sales and marketing expenses as well as the growth of gross billing during the Track Record Period.

We use a mix of traffic channels to improve our online exposure. During the Track Record Period, we acquired an increasing amount of traffic through MCN channels, benefiting from the higher exposure brought by the social media platforms. According to Frost & Sullivan, it is an industry trend for enterprises to increasingly utilize MCN channels to publish content, acquire traffic and generate sales leads, leveraging their strong influencer network, sizeable audience base and professional account management capabilities.

### ***Refund policy and refund rate***

The online investment decision-making solution industry has a generally high refund rate, and is susceptible to the market volatilities and investor sentiment. This is because individual investors usually aim to improve their investment results after using the solutions, in addition to acquiring financial knowledge. As a result, during market downturns and especially when they suffer losses, they tend to attribute their investment outcomes to the quality of the solutions, or naturally refrain from further investment or related activities (including using the solutions), which would result in an increase in the number of refund requests.

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## SUMMARY

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We have formulated our refund policies prioritizing our customer experience. Our customers are entitled to (i) a full refund without any reason within five working days of the purchase; (ii) the option to replace the package purchased with another one at the same level of price available in our offerings; and (iii) the refund of payments which are proportionate to services not yet rendered, upon reasonable request for other reasons, and as agreed between us. In the third case, we do not allow refunds for the portion of the service already provided during the Track Record Period. We review refund requests on a case-by-case basis and approve them as appropriate. According to Frost & Sullivan, our refund policy is generally comparable to major peers in the market.

The average refund rate by payment amounts of our online high-end investor education services was 12.9% from 2019 to 2021, within the industry typical average refund rate of online high-end investor education services in China, which ranged from 10% to 15% from 2019 to 2021, according to Frost & Sullivan. The average refund rate by payment amounts of our financial information software services was 15.8% in 2021, within the industry typical average refund rate of financial information software services in China, which ranged from 12% to 20% from 2019 to 2021, according to the same source. Our average refund rate by payment amount of the above two offerings was 21.7% and 23.3%, respectively, in the six months ended June 30, 2022, within the range of the industry typical average refund rate of each type of offering in China, which was from 15% to 25%, and from 15% to 25%, respectively, in the six months ended June 30, 2022. Our average refund rate by payment amount of the above two offerings was 24.4% and 26.3%, respectively, in the ten months ended October 31, 2022.

In line with the industry trend, we experienced an increase in the refund rate in 2022 for our products and offerings, mainly because the unsatisfying performance of the overall financial market under the general slowdown in economic conditions and the general negative impact of the COVID-19 pandemic has weakened the customers' confidence in the market in the short term and their demand in investment decision-making solutions, resulting in an increase in refunds under unconditional refund policy, unsatisfactory products/services or customers' personal reasons.

As the financial market is expected to improve in the 2023 with the alleviation of COVID-19 restrictive measures, we have observed a decreasing trend in refund rate for our major product offerings since November 2022. For example, the refund ratio for the standard package and premium package of online high-end investor education services amounted to 19.6% and 8.1% in the two months ended December 31, 2022, respectively, while the refund ratio for the premium version and deluxe version of financial information software services amounted to 19.4% and 11.1% for the same period, respectively. We expect that our refund rate for major offerings will likely continue to decrease or maintain at a relatively low level in the foreseeable future.

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## SUMMARY

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The following table sets forth the number of refund requests by the settlement outcome for the periods indicated.

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Settled refund requests	1,707	61.9	5,849	72.2	19,623	66.5	15,328	67.8	20,221	70.6
Rejected/withdrawn refund requests after negotiation	1,052	38.1	2,247	27.8	9,903	33.5	7,265	32.2	8,416	29.4
<b>Total requests received</b>	<b>2,759</b>	<b>100.0</b>	<b>8,096</b>	<b>100.0</b>	<b>29,526</b>	<b>100.0</b>	<b>22,593</b>	<b>100.0</b>	<b>28,637</b>	<b>100.0</b>

See “– Customer Refund” and “Business – Customer Support – Customer refund” for details.

## SUMMARY

### Key Operating Metrics

The following table sets out breakdown of our key operating metrics for the periods indicated:

	Year ended December 31, 2020				2021				Ten months ended October 31, 2022											
	Average		gross		Average		gross		Average		gross									
	Number	Gross billing (RMB in millions)	Revenue per paying user <sup>(6)</sup> (RMB in thousands)	Number of paying users	Gross billing (RMB in millions)	Revenue per paying user <sup>(2)</sup> (RMB in thousands)	Number of paying users	Revenue per paying user (RMB in thousands) (unaudited)	Number of paying users	Gross billing (RMB in millions)	Revenue per paying user (RMB in thousands)	Number of paying users	Revenue per paying user (RMB in thousands)							
Online high-end investor education services <sup>(3)(7)</sup>	13,089	413.4	31.6	21.0	32,387	1,026.2	31.7	21.9	38,901	1,373.0	35.3	29.5	31,564	1,043.2	33.1	28.3	30,698	902.8	29.4	31.1
Financial information software services <sup>(4)</sup>	-	-	-	-	-	-	-	-	62,832	610.5	9.7	4.6	55,862	415.1	7.4	3.0	23,190	608.7	26.2	25.4
Online financial literacy education services <sup>(5)</sup>	-	-	-	15	0.05	3.6	3.4	8,717	17.7	2.0	1.7	8,526	17.1	2.0	1.3	7	0.008	1.1	NM	NM
<b>Total</b>	<b>13,089</b>	<b>413.4</b>	<b>31.6</b>	<b>21.0</b>	<b>32,402</b>	<b>1,026.2</b>	<b>31.7</b>	<b>21.9</b>	<b>110,450</b>	<b>2,001.2</b>	<b>18.1</b>	<b>13.1</b>	<b>95,952</b>	<b>1,475.4</b>	<b>15.4</b>	<b>11.2</b>	<b>53,895</b>	<b>1,511.5</b>	<b>28.0</b>	<b>28.7</b>

#### Notes:

- (1) During a particular period or year, for a paying user who subscribes to our services under one of our three offerings for at least one time, we count it as one paying user under the relevant service.
- (2) For the year ended December 31, 2021, and the ten months ended October 31, 2022, the average gross billing per paying user of online high-end investor education services was higher than that of each of online financial literacy education services and financial information software services, primarily because (i) our online high-end investor education services, targeting the mass affluent class, are priced much higher than the other two offerings, and (ii) given we started online financial literacy education services in December 2020 and financial information software services in January 2021, we offered more frequent promotion and discounts for such two offerings to attract new customers in 2021.

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## SUMMARY

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- (3) The fluctuations in our average gross billing per paying user of our online high-end investor education services were mainly due to the fact that the packages under our online high-end investor education services were provided at a diverse range of price points and that our paying users did not have preference over one particular package during the Track Record Period.
- (4) The increase in our average gross billing per paying user and the decrease in the number of paying users of our financial information software services from the ten months ended October 31, 2021 to the ten months ended October 31, 2022 were mainly because (i) we held many promotions and discount events to attract new customers to the standard version of financial information software services (which was at a relatively affordable price compared to the premium/deluxe version) in 2021, resulting in an increase in the number of users who purchased the standard version in the ten months ended October 31, 2021; and (ii) we strategically lowered our promotion efforts on the standard version and focused more on the premium/deluxe version since 2022, resulting in a decrease in the number of users who purchased the standard version (which was at a relatively affordable price) and an increase in the number of users who purchased the premium/deluxe version (which was at a relatively higher price) in ten months ended October 31, 2022. The amount of discounts we offered is calculated as the difference between standard price and actual payment. We offered (a) discounts for online high-end investor education services, amounting to RMB44.8 million, RMB82.4 million, RMB136.0 million and RMB95.1 million in 2019, 2020, 2021 and the ten months ended October 31, 2022, respectively, representing 2.1%, 3.7%, 4.8% and 7.4% of the standard price, respectively, during the same periods; (b) discounts for online financial literacy education services amounting to RMB8.5 million and RMB8,000 in 2021 and the ten months ended October 31, 2022, respectively, representing 31.0% and 28.7% of the standard price, respectively, during the same periods; and (c) discounts for financial information software services amounting to RMB317.9 million and RMB75.8 million in 2021 and the ten months ended October 31, 2022, respectively, representing 30.5% and 8.4% of the standard price, respectively, during the same periods.
- (5) The significant decrease in the number of paying users of online financial literacy education services from the ten months ended October 31, 2021 to the ten months ended October 31, 2022 was mainly because we switched our focus to the other two offerings since 2022 as we believe the target customers of online financial literacy education services were more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, and the gross billing of online financial literacy education services contributed less than 0.1%, 0.9%, 1.2% and less than 0.1% of our total gross billing in 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. See “Business – Our Offerings – Online Financial Literacy Education Services”.
- (6) While our gross billing represents fees received from customers which are generally paid at the time of or in advance prior to the beginning of subscription period, under our revenue recognition policy, revenue is recognized during a subscription period on a straight-line and time-elapsed basis. As a result, the number of paying users during a period does not strictly correlate with the revenue recognized in such period, indicating that the average gross billing per user is more relevant in reflecting our business nature. Specifically, the revenue per paying user for online financial literacy education services for the ten months ended October 31, 2022 amounted to RMB313.2 thousand, which are particularly not comparable due to the above reason and are thus not meaningful.
- (7) The decrease in the number of paying users of our online high-end investor education services from 31,564 in the ten months ended October 31, 2021 to 30,698 in the ten months ended October 31, 2022 was mainly because of a decrease in new orders acquired between July 2022 to October 2022, resulting from the weak financial market performance as well as the COVID-19 pandemic and relevant restrictive measures weakening the customers’ confidence in the market in the short term and their demand in investment decision-making solutions.

## SUMMARY

The table below sets forth the breakdown of gross billing by active paying users and inactive paying users during the periods indicated.

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in millions, except for percentage)</i>									
<b>Gross billing</b>										
Active paying										
users	363.8	88.0	1,017.0	99.1	1,956.6	97.8	1,447.8	98.1	1,466.6	97.0
Inactive paying										
users	49.6	12.0	9.2	0.9	44.6	2.2	27.7	1.9	44.9	3.0
<b>Total</b>	<b>413.4</b>	<b>100.0</b>	<b>1,026.2</b>	<b>100.0</b>	<b>2,001.2</b>	<b>100.0</b>	<b>1,475.5</b>	<b>100.0</b>	<b>1,511.5</b>	<b>100.0</b>

According to Frost & Sullivan, the prices of most of our services are comparable to those of our peers with similar features and contents, including the standard package of our online high-end investor education services, online financial literacy education services and the standard version and the premium versions of financial information software services. We charge a higher price than industry average price for the premium package of our online high-end investor education services. Despite the abundant free content on the internet, investors with a certain amount of investable assets generally are willing to pay for content with better quality out of professionalism and efficiency. In addition to all content and features from the standard package of our online high-end investor education services, the premium package offers one-on-one advisory services, investment strategy services and access to more than 200 exclusive pre-recorded online courses. According to Frost & Sullivan, the premium package of our online high-end investor education services provides more content and diversified services than offerings of our peers, addressing the needs of investors in a better way. Therefore, we believe the higher price of the premium package is acceptable to the target customers and we have obtained rapid growth in the gross billings from the premium package. From 2019 to 2021, the gross billings from the premium package of online high-end investor education services increased from RMB50.7 million to RMB396.8 million, representing a CAGR of 179.8%. We also charge at a higher price for the deluxe version of our financial information software services. Compared to similar financial information software services of our peers, which mainly provide multiple technology-empowered toolkits, our deluxe version provides additional value-added services including one-on-one advisory services and investment strategy services. We also obtained significant increase of the gross billing from the deluxe version of financial information software services, from RMB29.1 million in the ten months ended October 31, 2021 to RMB90.1 million in the ten months ended October 31, 2022. See “Business – Our Offerings”.

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## SUMMARY

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### Customer Refund

Our refund policies are explicitly stated in the service subscription agreements between us and our customers. Our customers are requested to choose reason(s) from the list we provide before submitting the refund request. Our customers are entitled to (i) a full refund without any reason within five working days of the purchase; (ii) the option to replace the package purchased with another one at the same level of price available in our offerings; and (iii) the refund of payments which are proportionate to services not yet rendered, upon reasonable request for other reasons, and as agreed between us. In the third case, we do not allow refunds for the portion of the service already provided during the Track Record Period. We have in place the following refund request review and approval procedure: (i) our staff from the service and operation department initiates conversations with customers to retain their subscriptions with us by improving products and services; (ii) if the customer insists on the refund after step (i), our customer service department communicates with the relevant customer by phone to understand the reasons underlying the refund request; (iii) after the preliminary discussion, if the customer wants to proceed with the refund request, the customer service department will verify the reasons and discuss possible solutions with the staff from the operation and sales departments, the head of each department needs to review and approve the relevant request; (iv) if there were disputes arising from the process of handling refund requests, the customer refund requests together with all materials collected in steps (i), (ii) and (iii) above need to be submitted to our compliance department for investigation, which will issue a compliance opinion and advise if such refund request should be approved or not; and (v) lastly, our finance department needs to review the purchase record of such customer and handle the relevant request properly considering our latest financial conditions. Generally, a refund request will be assigned to a customer service department staff member, who is in charge of verifying with the customers on the authenticity and rationality of the request in accordance with the above-mentioned steps (ii) and (iii) which is typically completed within 16 working hours from his/her receipt of the initial request. We review refund requests on a case-by-case basis and approve them as appropriate, except for unconditional refund requests made within five working days. We consider a range of factors when granting these refunds, including, but not limited to: (i) the authenticity and reasonableness of the underlying reasons presented by our customers based on interviews and verifications with internal personnel; (ii) the amount of the refund requested and proportion of services rendered; (iii) the possibility of cultivating long-term, amicable customer relationships, for example, whether we can retain the high-value customers in the long run, and invite future purchases under improved financial market conditions. We reject unreasonable or unfounded claims, such as relevant customers requesting an amount exceeding the proportion of services that have not been provided, or unreasonably demanding additional compensation. We do not set a threshold for the maximum amount of refund. According to Frost & Sullivan, our refund policy is generally comparable to major peers in the market.

In 2019, 2020, 2021 and for the ten months ended October 31, 2021 and 2022, our refund rate was 9.8%, 12.5%, 16.1%, 16.1% and 25.2%, respectively. In addition to acquiring financial knowledge, individual investors usually aim to improve their investment results after using our products. As a result, during market downturns and especially when they suffer



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## SUMMARY

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losses, they tend to attribute their investment outcomes to the quality of our products, or naturally refrain from further investment or related activities (including using our products), which would result in an increase in the number of refund requests made by our customers. We expect that the refund rate may further increase if the deterioration in the market sentiment continues subsequent to the Track Record Period typically results in decreasing confidence in the market and short-term investment willingness of our customers as individual investors, leading to reduced demand for investment decision-making solutions. Our refund rate increased in the ten months ended October 31, 2022, compared to that of the ten months ended October 31, 2021, as a result of the volatility of financial markets.

The table below sets forth the breakdown of refund rate by subscription packages of each of the three offerings for the periods indicated.

Refund Rate (%)	Year ended December 31,			Ten months ended	
	2019	2020	2021	2021	2022
<b>Online high-end investor</b>					
<b>education services</b>	<b>9.8</b>	<b>12.5</b>	<b>16.3</b>	<b>16.7</b>	<b>24.4</b>
Standard package	9.9	13.7	19.6	19.7	27.3
Premium Package (Super Investor)	10.5	4.6	7.1	7.4	15.2
Others	0.5	5.4	13.9	13.8	8.6
<b>Financial information Software services</b>					
Standard Version	–	–	7.9	7.7	94.6 <sup>(1)</sup>
Premium Version	–	–	17.1	16.2	26.9
Deluxe Version	–	–	8.6	8.6	22.8
<b>Online financial literacy education services</b>					
	–	–	<b>6.2</b>	<b>6.0</b>	<b>60.4<sup>(1)</sup></b>
<b>Total</b>	<b>9.8</b>	<b>12.5</b>	<b>16.1</b>	<b>16.1</b>	<b>25.2</b>

Notes:

- (1) The refund rates for the standard version of financial information software services and online financial literacy education services for the ten months ended October 31, 2022, being higher than 50%, were mainly due to the lower gross billing base for the same period. (We recorded gross billing of approximately RMB60,000 for our standard version of financial information software services and approximately RMB8,000 for online financial literacy education services in the ten months ended October 31, 2022.) All refunds for the two packages/offerings in 2022 were for purchases that occurred in 2021; moreover, in 2022, we strategically shifted focus from these two offerings to others as the relevant customers were more affected by the economic downturns.

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## SUMMARY

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The target customers of online financial literacy education services and standard version of financial information software services were more hesitant to make purchase, and also more likely to initiate refund requests, due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic. However, customers who mainly subscribe to premium or deluxe packages of our offerings, are generally more financially capable of resisting the negative impacts brought by market downturns, and most of them tend to remain willing to make investments, purchase and continue to stand with, related products or services, such as our products, during the economic downturns. See “Business – Customer Support – Customer Refund” for details of refunds related to active and inactive paying users and the nature of such requests.

We have implemented a series of procedures to assess the investor risk and suitability for each customer. We have continuously strengthened our investor suitability management mechanism in accordance with the CSRC’s evolving requirements to review and evaluate customers’ suitability on an ongoing basis, in line with our goal of helping individual investors improve their investment decisions and encouraging customers to perceive the value of our investment decision-making solution services from long-term insights.

We offer our products only to suitable investors, and help them select the appropriate product offering that suits their financial position, risk appetite and actual needs. In compliance with the Measures for the Suitability Management of Securities and Futures Investors (《證券期貨投資者適當性管理辦法》), our compliance department designs an investor suitability questionnaire based on the template provided by the legal authorities. We require every customer to fill out the investor suitability questionnaire prior to their purchases. See “Business – Customer support – Customer Refund”.

We insist on product-driven, values the customer experience, and believe that an open and transparent refund channel is an important channel for handling customer complaints. We understand that a more stringent refund policy may bring higher gross billing and better financial performance in the short term. However, we value our relationship with customers and aim to cultivate long-term, amicable customer relationships. During the Track Record Period, we had achieved a rapid growth in our revenue, maintaining our industry position while building a positive brand in the customer group. According to the customer satisfaction evaluation, as of October 31, 2022, we had a satisfaction rate of above 99%. In addition, we had a customer complaint rate of approximately 0.3% during the Track Record Period, which was lower than the typical average complaint rate of approximately 0.5% from 2019 to 2021 and approximately 1.0% in the first half of 2022 among online high-end investor education services providers, according to Frost & Sullivan. We believe that our customer relationship strategy has proved effective and will facilitate our future growth. See “Business – Customer support – Customer Refund”.

As the financial market is expected to improve in the 2023 with the alleviation of COVID-19 restrictive measures, we have observed a decreasing trend in refund rate for our major product offerings since November 2022. For example, the refund ratio for the standard package and premium package of online high-end investor education services amounted to

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## SUMMARY

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19.6% and 8.1% in the two months ended December 31, 2022, respectively, while the refund ratio for the premium version and deluxe version of financial information software services amounted to 19.4% and 11.1% for the same period, respectively. We expect that our refund rate for major offerings will likely continue to decrease or maintain at a relatively low level in the foreseeable future.

We have adopted a series of strategies and measures to improve customer satisfaction, increase user stickiness, and reduce refund amount and refund rate. For example, we plan to help new users quickly familiarize themselves with various courses, services and APP functions by providing guided function modules and setting incentive task systems in the APP. As part of our continuous efforts to improve our service quality and strengthen our risk control system, we are constantly reviewing the sample stocks and case studies mentioned in our courses, and will adjust the content from time to time to accurately reflect the most up-to-date stock information. In addition, we plan to strengthen user information protection measures and take legal measures if necessary to minimize potential reputational risks.

### **Regulatory Compliance**

As we hold the Securities Investment Advisory License, we are subject to routine inspection from the CSRC. In April 2019, the Shanghai Bureau of the CSRC completed an on-site inspection on us and issued an announcement letter which identified five issues in our operations, including: (i) lack of disclosure and insufficient customer identification in our risk disclosure statement and service agreement, (ii) inadequate disclosure of the source of basis of investment advice, (iii) improper collection of securities investment advisory service fee using third-party accounts, (iv) misleading publicity by certain of our employees, and (v) insufficient measures to ensure record traceability. As advised by our PRC Legal Advisor, such decision does not constitute administrative penalties.

In May 2019, we implemented rectification measures and submitted a rectification report to the Shanghai Bureau of CSRC. Upon submission, the status of the submission on the CSRC's official file delivery system was shown as "uploaded", which was then updated as "completed", indicating that the authority has reviewed and accepted our rectification report.

Since the establishment of the Group (the completion of the acquisition of Shanghai Jiufangyun) and up to the Latest Practicable Date, except for the on-site reviews and off-site monitoring conducted by the CSRC and its local counterparts, we did not receive any other inquiry, examination, investigation, notice, warning, sanctions, administrative penalties or penalties other than administrative penalties from, or being interviewed/summoned to meeting(s) by, any regulatory authorities (including but not limited to the CSRC and its local counterparts) in relation to our business operation (including Fumeng Cooperation, the entrustment of Shenzhen Huatian and our current business operation without the ICP license, which are in compliance with the applicable PRC laws, rules and regulations as advised by our PRC Legal Advisor) in all material respects. We also did not receive any other findings, feedbacks or recommendations by CSRC and its local counterparts during its annual inspection except for the findings listed above.

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## SUMMARY

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The Shanghai Bureau of the CSRC, the competent authority responsible for the supervision of the securities investment advisory institutions in Shanghai, issued a CRSC Letter on January 4, 2023. According to the CSRC Letter, Shanghai Jiufangyun has not been involved in any administrative punishment and investigations due to any violation of laws, regulations, policies and normative documents relevant to the national securities supervision and administration since March 1, 2018 (the date after Shanghai Jiufangyun moved to Shanghai), such as failure to obtain qualification certificates, failure to complete necessary administrative procedures for changes such as change of business scope, change in registered capital, appointment or replacement of directors, or illegal activities in daily operations. See “Business – Legal Proceedings and Compliance”.

### OUR STRENGTHS

We believe the following competitive advantages have contributed to our success and will help drive our growth in the future:

- A major online investment decision-making solution provider in China
- Our traffic matrix using various media platforms to increase user traffic and attract potential customers
- Differentiated offerings and strong product development capabilities
- Strong technology capabilities and creative technology enabled operation model
- Visionary and experienced management

### OUR STRATEGIES

To solidify our market position, we plan to implement the following strategies:

- Strengthen our market leadership through expansion in financial information software services and continuous focus on online investor content service market
- Invest in our traffic matrix and focus on emerging user traffic portals
- Invest in R&D and strengthen our technology capabilities
- Strategically pursue suitable acquisition targets and seize expansion opportunities
- Further attract, retain and incentivize talents

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## SUMMARY

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### COMPETITIVE LANDSCAPE

According to Frost & Sullivan, the size of the PRC online investment decision-making solution market in terms of gross billing in 2021 was RMB34,048.0 million. The top five players in the PRC online investment decision-making solution market accounted for an aggregate market share of 25.5%. We ranked the second largest online investment decision-making solution provider in China with a market share of 5.9% in 2021. The online investor decision-making solution market is highly competitive and rapidly evolving due to increasingly diversified investment demands. We maintain our market position through our ability to consistently generate high-quality contents, to maintain the robustness of its technology infrastructure, to capture and retain user traffic, and to safeguard its industry reputation.

The size of the PRC online investor content service market in terms of gross billing in 2021 was RMB12,416.7 million. The top five players in the PRC online investor content service market accounted for an aggregate market share of 29.6%. We ranked the largest online investor content service provider in China with a market share of 11.2% in 2021.

The size of the PRC financial information software service market in terms of gross billing was RMB11,223.4 million in 2021. In 2021, the top five players accounted for 50.6% market share in terms of gross billing. We ranked the fourth largest financial information software services provider in China with a market share of 5.4% in 2021.

### RISK FACTORS

Our business and the Global Offering involve certain risks as set out in “Risk Factors” in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include: (i) we are subject to extensive and evolving regulatory requirements in the industries we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses, and consequently may materially and adversely affect our business, financial condition, operations and prospects; (ii) if we are unable to retain existing customers or attract new customers to purchase or renew our offerings, or if we fail to provide offerings to address the needs of our customers as they evolve, our business and results of operations may be materially and adversely affected; (iii) we face significant competition in the industry we operate in, and if we are unable to compete effectively, we may lose our market share and our results of operations and financial condition may be materially and adversely affected; (iv) we cannot guarantee the profitability of the investment made by our customers, which are prone to unpredictable market fluctuations and other factors out of our control, and consequently our business and results of operations may be materially and adversely affected by such factors; and (v) refunds or potential refund disputes may negatively affect our cash flow, financial condition, and reputation.

## SUMMARY

### APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We are applying for Listing under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test with reference to (i) our revenue for the year ended December 31, 2021, being approximately RMB1,451.9 million, which is significantly over HK\$500 million required by Rule 8.05(3); and (ii) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative Offer Price range, exceeds HK\$4 billion required by Rule 8.05(3).

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary historical financial information for the periods or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountants' Report in Appendix I to this prospectus. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountants' Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in "Financial Information." Our historical financial information was prepared in accordance with HKFRS.

#### Summary of Consolidated Statements of Profit or Loss

The table below sets forth our consolidated statements of profit and loss, with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Revenue	274,222	100.0	708,675	100.0	1,451,922	100.0	1,074,307	100.0	1,546,087	100.0
Cost of sales	(47,994)	(17.5)	(73,045)	(10.3)	(193,110)	(13.3)	(138,568)	(12.9)	(179,219)	(11.6)
<b>Gross profit</b>	<b>226,228</b>	<b>82.5</b>	<b>635,630</b>	<b>89.7</b>	<b>1,258,812</b>	<b>86.7</b>	<b>935,739</b>	<b>87.1</b>	<b>1,366,868</b>	<b>88.4</b>
(Loss)/profit before taxation	(72,129)	(26.3)	55,756	7.9	300,878	20.7	135,983	12.6	379,890	24.6
(Loss)/profit for the year/period	(57,840)	(21.1)	86,682	12.2	232,331	16.0	75,302	7.0	348,403	22.5
<b>Attributable to:</b>										
Equity shareholders of the Company	(57,574)	(21.0)	86,144	12.2	232,178	16.0	75,149	7.0	348,403	22.5
Non-controlling interests	(266)	(0.1)	538	0.1	153	0.0	153	0.0	-	-
(Loss)/profit for the year/period	(57,840)	(21.1)	86,682	12.2	232,331	16.0	75,302	7.0	348,403	22.5

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## SUMMARY

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We recorded net losses in 2019 because we invested plenty of resources in establishing our staff team, the development of our offerings and the traffic matrix operating. We turned around from a loss-bearing position in 2019 to a profit-making position in 2020, primarily because (i) the increase of our revenue greatly outpaced that of our cost of sales due to the economies of scale of our operations, (ii) the decrease of our research and development expenses as a percentage of our revenue, because we gradually shifted from external procurement of R&D results to investment in in-house R&D activities, which is more cost effective, and (iii) the decrease in general and administrative expenses as a percentage of revenue from 13.9% in 2019 to 11.2% in 2020, primarily due to the economics of scale. Our net profit increased by 167.9% from RMB86.7 million in the year ended December 31, 2020 to RMB232.3 million in the year ended December 31, 2021 primarily as a result of the increase in our revenue, which was attributable to (i) the increase in revenue from our online high-end investor education services, as we had an increase in the number of paying users and the average gross billing per paying user, and (ii) the increase in the revenue from financial information software services as our SmartInvest Info provided quality financial information and user experience and we adopted measures to increase our user base. Our net profit increased by 362.7% from RMB75.3 million for the ten months ended October 31, 2021 to RMB348.4 million for the ten months ended October 31, 2022, primarily as a result of the increase in our revenue, which was attributable to the increase in revenue from financial information software services.

In addition, during the Track Record Period, we received various government grants from local government authorities, primarily including VAT refund and some other government grants, amounting to RMB1.6 million, RMB54.1 million, RMB147.4 million, RMB106.6 million and RMB98.1 million in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. We may not be able to successfully or timely obtain the VAT refund and government grants that may become available to us in the future, or we may not be eligible to receive such VAT refund or government grants at all in the future due to changes in relevant policies. Such failure could adversely affect our business, financial condition, results of operations and prospects.

In 2019, 2020, 2021 and the ten months ended October 31, 2022, we had shortfall of social insurance contributions amounted to RMB10.1 million, RMB11.3 million, RMB38.0 million and RMB40.4 million, respectively, with respect to 505, 1,093, 1,372 and 1,619 employees, representing 3.7%, 1.6%, 2.6% and 2.6% of our revenue for each respective period. In the ten months ended October 31, 2022, we reversed the provision in the amount of RMB59.4 million made during 2019, 2020 and 2021 for the social insurance contribution as staff cost, consisting of RMB10.1 million, RMB11.3 million and RMB38.0 million, respectively, as of December 31, 2019, 2020 and 2021. The reversal with the amount of RMB59.4 million directly reduced our cost of sales and expenses for the ten months ended October 31, 2022, which further contributed to an 18.5% increase in our profit before tax to RMB379.9 million from RMB320.5 million. See “Financial Information – Description of Certain Components of our Consolidated Statements of Financial Position – Accrued expenses and other current liabilities”. The shortfall of RMB40.4 million would not be accrued.

## SUMMARY

### **Revenue Breakdown**

The following table sets forth a breakdown of our revenue, by absolute amounts and as percentages of our total revenue, for the periods indicated, respectively:

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Online high-end investor education services	274,222	100.0	708,624	100.0	1,149,307	79.2	894,367	83.3	954,461	61.7
Financial information software services	-	-	-	-	288,126	19.8	168,782	15.7	589,434	38.2
Online financial literacy education services	-	-	51	0.0	14,489	1.0	11,158	1.0	2,192	0.1
<b>Total</b>	<b>274,222</b>	<b>100.0</b>	<b>708,675</b>	<b>100.0</b>	<b>1,451,922</b>	<b>100.0</b>	<b>1,074,307</b>	<b>100.0</b>	<b>1,546,087</b>	<b>100.0</b>

We started offering online high-end investor education services in 2018. We provide our online high-end investor education services in three major series of standard packages. In addition to our standard packages, we also provide one series of premium package to customers subscribing to our premium series. The standard price for each of the three major series of our standard packages is RMB29,800 per six months. The standard price for the series of our premium package is RMB69,800 per three months, or RMB139,600 per six months. In 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, revenue from our online high-end investor education services was RMB274.2 million, RMB708.6 million, RMB1,149.3 million, RMB894.4 million and RMB954.5 million, respectively.

We developed and launched our financial information software services from the start of 2021. We charge subscription fees for our financial information software services. As of October 31, 2022, the standard prices for the standard version, premium version and deluxe version were RMB5,800 per year, RMB28,800 per six months and RMB68,800 per six months, respectively. In the year ended December 31, 2021 and the ten months ended October 31, 2021 and 2022, our revenue from the financial information software services amounted to RMB288.1 million, RMB168.8 million and RMB589.4 million, respectively.

We launched our online financial literacy education services in 2021. The standard price for our online financial literacy education services is RMB6,980 per three months. We switched our focus from online financial literacy education services to the other two offerings since 2022 as we believe the target customers of online financial literacy education services were more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, and the



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## SUMMARY

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gross billing of online financial literacy education services contributed less than 0.1%, 0.9%, 1.2% and less than 0.1% of our total gross billing in 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. For the year ended December 31, 2021 and the ten months ended October 31, 2021 and 2022, the revenue from our online financial literacy education services was RMB14.5 million, RMB11.2 million and RMB2.2 million, respectively.

### Cost of Sales

Our cost of sales mainly consists of (i) staff cost, the majority of which was incurred in the content development and production team, as well as service and operation team which primarily provides support to our front desk staff; (ii) platform transaction cost, which primarily refers to the transaction processing fees charged by payment service providers in our daily operations; and (iii) financial information procurement cost, which was incurred by purchasing data from certain stock exchanges.

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

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Staff cost	46,479	96.8	68,382	93.6	176,243	91.3	125,309	90.4	169,950	94.8
Platform transaction cost	1,515	3.2	4,352	6.0	9,053	4.7	6,649	4.8	5,400	3.0
Financial information procurement cost	-	-	311	0.4	7,814	4.0	6,610	4.8	3,869	2.2
<b>Total</b>	<b><u>47,994</u></b>	<b><u>100.0</u></b>	<b><u>73,045</u></b>	<b><u>100.0</u></b>	<b><u>193,110</u></b>	<b><u>100.0</u></b>	<b><u>138,568</u></b>	<b><u>100.0</u></b>	<b><u>179,219</u></b>	<b><u>100.0</u></b>

### Gross Profit and Gross Margin

Gross profit represents our revenue less cost of sales. Gross margin represents gross profit as a percentage of revenue. In 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, our gross profit was RMB226.2 million, RMB635.6 million, RMB1,258.8 million, RMB935.7 million and RMB1,366.9 million, respectively, and our gross margin was 82.5%, 89.7%, 86.7%, 87.1% and 88.4% respectively.

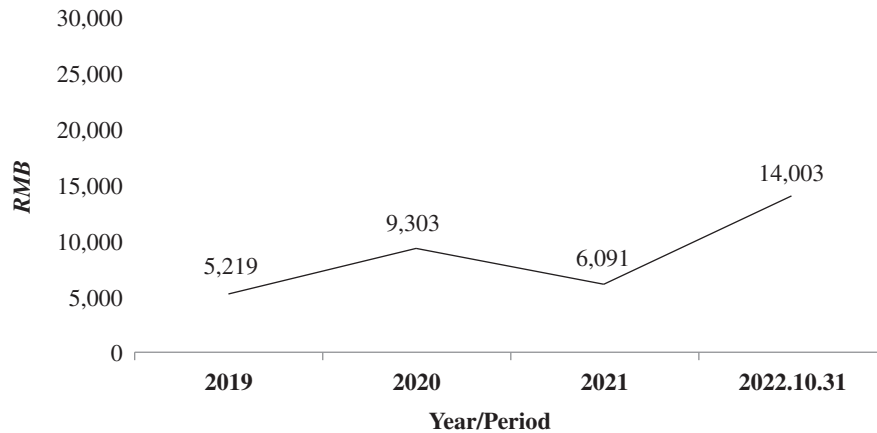
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## SUMMARY

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### Sales and Marketing Expenses

We evaluate our marketing results by monitoring the average internet traffic procurement expenses per new paying user for a given year or period. We deem that no internet traffic procurement expenses have been incurred for existing paying users. The chart below shows the trend of the average internet traffic procurement expenses per new paying user during the periods indicated.



We experienced an increase in the average internet traffic procurement expenses per new paying user in 2020 as compared to that of 2019, primarily because we started to invest in our traffic matrix to increase our audience base. The increase in the ten months ended October 31, 2022 as compared to the same period of 2021 was mainly due to (i) the decrease in the number of paying users for online financial literacy education services and the standard version of financial information software services, and (ii) our strategic focus on customers with higher average spending, both of which have contributed to the increase in average internet traffic procurement expenses per new paying user. As a result of the increased user acquisition cost, we recorded increasing sales and marketing expenses during the Track Record Period, primarily representing the internet traffic procurement expenses, which amounted to RMB67.7 million, RMB271.6 million, RMB640.0 million, RMB534.0 million and RMB661.6 million in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. See “Risk Factors – Risks Relating to Our Business and Industry – If we are unable to conduct sales and marketing activities cost-effectively, our results of operations and financial condition may be materially and adversely affected.” Going forward, we expect to improve user acquisition efficiency mainly by further improving the quality of content published on MCN channels, which would attract a growing number of followers as potential customers. Specifically, we plan to apply the insights provided by our big data analytics capabilities to create content that appeals to a wider range of potential customers with diverse needs. With increasing leads generation, we expect to achieve economies of scale and acquire new paying users in a more efficient manner.

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## SUMMARY

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### Summary of the Consolidated Statements of Financial Position

	As of December 31,			As of
	2019	2020	2021	October 31, 2022
	<i>(RMB in thousands)</i>			
Total non-current assets	67,488	117,238	181,960	143,900
Total current assets	171,428	489,549	1,001,565	946,227
Total non-current liabilities	–	–	1,837	14,338
Total current liabilities	302,779	609,896	1,112,466	658,695
Net current (liabilities)/assets	(131,351)	(120,347)	(110,901)	287,532
<b>NET (LIABILITIES)/ASSETS</b>	<b>(63,863)</b>	<b>(3,109)</b>	<b>69,222</b>	<b>417,094</b>
Total (deficit)/equity attributable to equity shareholders of the Company	(62,835)	(2,221)	69,222	417,094
Non-controlling interests	(1,028)	(888)	–	–
<b>Total (Deficit)/Equity</b>	<b>(63,863)</b>	<b>(3,109)</b>	<b>69,222</b>	<b>417,094</b>

During the Track Record Period, our total current assets increased by 185.6% from RMB171.4 million as of December 31, 2019 to RMB489.5 million as of December 31, 2020, and by 104.6% to RMB1,001.6 million as of December 31, 2021, primarily as a result of an increase in financial assets at fair value through profit or loss, as we increased investment to make efficient use of our cash balance while ensuring liquidity. Our total current assets then decreased by 5.5% to RMB946.2 million as of October 31, 2022, primarily as a result of a decrease in prepayments and other receivables, as the VAT refund receivable that amounted to RMB47.6 million as of December 31, 2021 was received during the ten months ended October 31, 2022.

Our total current liabilities increased by 101.4% from RMB302.8 million as of December 31, 2019 to RMB609.9 million as of December 31, 2020, and further by 82.4% to RMB1,112.5 million as of December 31, 2021, primarily as a result of the increase in contract liabilities, which increased in 2019 and 2020 primarily due to a significant increase in gross billing from our online high-end investor education services, and increased in 2021 primarily due to an increase in the gross billing from online high-end investor education services and financial

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## SUMMARY

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information software services. As a result, our net current liabilities decreased by 8.4% from RMB131.4 million as of December 31, 2019 to RMB120.3 million as of December 31, 2020, by 7.8% to RMB110.9 million as of December 31, 2021. Our total current liabilities decreased by 40.8% to RMB658.7 million as of October 31, 2022, primarily as a result of (i) the decrease of RMB208.6 million in contract liabilities as the amount recognized as revenue exceeded the amount of advance subscription fees received from the customers during the ten months ended October 31, 2022; (ii) the decrease in the accrued expenses and other current liabilities as 1) we did not make provision in relation to social insurance in 2022 based on the written confirmation letters issued by the Human Resources and Social Security Bureau Shanghai Jinshan District (上海市金山區人力資源和社會保障局) and the Human Resources and Social Security Bureau Shanghai Qingpu District (上海市青浦區人力資源和社會保障局), confirming that we were in compliance with laws, regulations and policies related to social insurance contribution and 2) the decrease in VAT and surcharges payable, which was largely settled during the ten months ended October 31, 2022; and (iii) the decrease in income tax payable as we paid the income taxes for 2021 in the first quarter of 2022. As a result, we recorded net current assets of RMB287.5 million as of October 31, 2022 as compared to net current liabilities of RMB110.9 million as of December 31, 2021.

Our total non-current assets increased by 73.7% from RMB67.5 million as of December 31, 2019 to RMB117.2 million as of December 31, 2020, by 55.2% to RMB182.0 million as of December 31, 2021, primarily as a result of (i) an increase in deferred tax assets, which were mainly related to the movement of the balance of our contract liabilities; (ii) an increase in right-of-use assets, as we commenced a new lease in early 2021; and (iii) an increase in property, plant and equipment, as we procured electronic equipment and furniture to support our business expansion. Our total non-current assets decreased from RMB182.0 million as of December 31, 2021 to RMB143.9 million as of October 31, 2022, primarily due to the decrease in deferred tax assets, which was mainly related to the movement in our contract liabilities. We did not record any non-current liabilities as of December 31, 2019 and 2020. Our non-current liabilities increased significantly from RMB1.8 million as of December 31, 2021 to RMB14.3 million as of October 31, 2022 due to the increase in lease liabilities primarily as a result of our lease renewal in the ten months ended October 31, 2022. See “Financial Information – Description of Certain Components of Our Consolidated Statements of Financial Position – Contract Liabilities.” We believe that, going forward, most of the contract liabilities will be settled through delivery of services without incurring cash outflow based on historical experience, which will improve the financial position.

Our net liabilities as of December 31, 2019 were primarily as a result of our net loss for the year. We recorded accumulated losses of RMB10.5 million as of January 1, 2019, primarily due to the net losses incurred as a result of (i) RMB16.1 million staff cost that we paid to employees, and (ii) RMB5.9 million internet traffic procurement expenses in relation to traffic matrix establishment and operations to support our business development. In addition, our net liabilities decreased from RMB63.9 million as of December 31, 2019 to RMB3.1 million as of December 31, 2020, primarily because we turned around from a loss-bearing position in 2019 to a profit-making position in 2020, which were partially offset by dividends declared for 2020 of RMB25.6 million distributed by Shanghai Fudong to its owners. We further turned into a net

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assets position of RMB69.2 million as of December 31, 2021, primarily as a result of the substantial increase in profit and total comprehensive income for 2021, which was partially offset by deemed distribution arising from reorganization of RMB135.0 million and acquisition of non-controlling interests of RMB25.0 million. Our net assets increased to RMB417.1 million as of October 31, 2022, primarily as a result of substantial increase in profit and total comprehensive income for the ten months ended October 31, 2022. See “I Historical Financial Information – Consolidated Statements of Changes in Equity” to the Accountants’ Report as set out in Appendix I.

### Summary of the Consolidated Statements of Cash Flows

	Year ended December 31,			Ten months ended	
	2019	2020	2021	October 31, 2021	2022
	<i>(RMB in thousands)</i>				
	<i>(unaudited)</i>				
Net cash generated from operating activities	148,417	311,524	596,146	261,626	11,865
Net cash used in investing activities	(135,856)	(285,065)	(379,644)	(72,771)	3,960
Net cash used in financing activities	<u>–</u>	<u>(26,038)</u>	<u>(189,400)</u>	<u>(187,306)</u>	<u>(31,343)</u>
Net increase in cash and cash equivalents	12,561	421	27,102	1,549	(15,518)
Cash and cash equivalents at the beginning of year	3,155	15,716	16,137	16,137	43,239
Effect of foreign exchange rate changes	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(43)</u>
Cash and cash equivalents at the end of the year	<u><u>15,716</u></u>	<u><u>16,137</u></u>	<u><u>43,239</u></u>	<u><u>17,686</u></u>	<u><u>27,678</u></u>

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## SUMMARY

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### Key Financial Ratios

The following table sets forth certain of our key financial ratios as of the dates or the periods indicated:

	As of/For the year ended			As of/ For the ten months ended
	December 31,			October 31,
	2019	2020	2021	2022
Revenue growth (%)	2,726.7	158.4	104.9	43.9
Current ratio <sup>(1)</sup>	0.6	0.8	0.9	1.4
Gross margin (%) <sup>(2)</sup>	82.5	89.7	86.7	88.4
Net margin (%) <sup>(3)</sup>	(21.1)	12.2	16.0	22.5

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*Notes:*

- (1) Current ratio equals current assets divided by current liabilities.
- (2) Gross margin equals gross profit divided by revenue for the year/period and multiplied by 100%.
- (3) Net margin equals net profit/(loss) divided by revenue for the year/period and multiplied by 100%.

### DIVIDEND POLICY

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries. PRC laws require a foreign-invested enterprise to make up for its accumulative losses out of its after-tax profits and allocate at least 10% of its remaining after-tax profits, if any, to fund its statutory reserves until the aggregate amount of its statutory reserves exceeds 50% of its registered capital.

Any amount of dividend we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividend will be subject to our constitutional documents and the Cayman Companies Act. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. The Articles of our Company provide that dividends may be declared and paid out of the profits of the Company, realized or unrealized, 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

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## SUMMARY

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account which can be authorized for this purpose in accordance with the Cayman Companies Act. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

During the year ended December 31, 2020, dividends of RMB25.6 million were distributed in cash by Shanghai Fudong to its then shareholders in June 2020. During the years of 2019 and 2021 and for the ten months ended October 31, 2022, no dividends were declared by the entities constitute us to our shareholders.

### USE OF PROCEEDS

Assuming an Offer Price of HK\$17.88 per Share (being the mid-point of the Offer Price Range of between HK\$16.98 and HK\$18.78 per Share), we estimate that we will receive net proceeds of approximately HK\$961.73 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 20% of the net proceeds, or HK\$192.3 million, is expected to be used for the improvement of our content production capabilities, including expanding our Jiufang Research Institute, strengthening our content development and production team, and procuring high-quality contents;
- approximately 30% of the net proceeds, or HK\$288.5 million, is expected to be used for the enhancement of our traffic matrix using various media platforms, including investment in suitable targets by way of acquisition and traffic purchase;
- approximately 30% of the net proceeds, or HK\$288.5 million, is expected to be used for the improvement of our technology capabilities, including upgrading the performance of our revenue-generating Apps and improving our overall technology infrastructures;
- approximately 10% of the net proceeds, or HK\$96.2 million, is expected to be used for the investments in external KOLs or external MCNs which possess professional content production ability and high growth potential by way of acquisition; and
- approximately 10% of the net proceeds, or HK\$96.2 million, is expected to be used for working capital and other general corporate purposes.

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## SUMMARY

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In the event that the Offer Price is set at the Maximum Offer Price or the Minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$51.8 million, respectively. If we make an upward or downward Offer Price adjustment to set the final Offer Price to be above or below the mid-point of the Offer Price Range, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro rata basis.

If the net proceeds of the Global Offering are not immediately applied to the above purposes, we will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or for non-Hong Kong based deposits, the applicable laws in the relevant jurisdiction).

### OUR CUSTOMERS AND SUPPLIERS

Our customers are the paying users for our offerings. We have a broad base of customers, and our five largest customers accounted for less than 1.0% of our total revenues for each year or period during the Track Record Period.

Our major suppliers primarily include (i) media and agents of media platforms, (ii) our content production partners, which help produce our contents to be distributed on our MCN channels through which we acquire traffic resources, and (iii) technology companies, consisting of marketing services providers and technology infrastructure providers. For each year or period during the Track Record Period, charges from our largest supplier accounted for 36.8%, 13.8%, 23.6% and 14.7%, respectively, of our total cost of sales and operating expenses, and charges from our five largest suppliers accounted for 50.9%, 33.5%, 36.1% and 33.9%, respectively, of our total cost of sales and operating expenses.

We entered into cooperation agreements with Fumeng (the “**Fumeng Cooperation**”) in February 2018. According to the cooperation agreements, Fumeng, a holder and the service vendor of AVP License, provides video, audio and livestreaming broadcast technology and service to us. Since August 2021, we also have engaged Shenzhen Huatian, a holder and the service vendor of RTPPO License, to provide video, audio and livestreaming broadcast production services to us. We did not hold AVP License or RTPPO License as of the Latest Practicable Date. Our PRC Legal Advisor is of the view that our cooperation with Fumeng, which is a holder and a service vendor of AVP License, and the entrusted production of audio-visual programs where the entrusted entity holds an RTPPO License, are in compliance with the applicable PRC laws and regulations. See “Business – Our Suppliers.”

### OUR CONTROLLING SHAREHOLDERS

Mr. Chen Wenbin, Mr. Yan Ming, Ms. CHEN NINGFENG, Coreworth, Harmony Creek, Rich Horizon and Embrace Investments are a group of Controlling Shareholders acting in concert. As of the Latest Practicable Date, our Controlling Shareholders held approximately 73.85% of the issued share capital of our Company, collectively. Immediately following the



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## SUMMARY

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completion of the Capitalization Issue and the Global Offering, our Controlling Shareholders will collectively hold approximately 64.39% of our enlarged issued share capital, assuming the Over-allotment Option is not exercised. Accordingly, they will continue to be the Controlling Shareholders (as defined under the Listing Rules) of our Company after the completion of the Capitalization Issue and the Global Offering. See “Relationship with our Controlling Shareholders.”

### RECENT DEVELOPMENTS

#### COVID-19 Impacts

Since the end of December 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. In response, countries and regions across the world, including China, have imposed widespread lockdowns, closure of workplaces and restrictions on mobility and travel to contain the spread of the virus. In March 2022, the Shanghai government issued a city-wide lockdown to contain the COVID-19 outbreak (the “**Shanghai Lockdown**”). Pursuant to the lockdown arrangements, we arranged the employees of our Shanghai office to work from home from April 1, 2022 to May 31, 2022 (the “**Shanghai Lockdown Period**”). We proactively took measures to mitigate the impact of the Shanghai Lockdown to our employees and business. For example, (i) we provided laptops to our employees and enabled software for installation to facilitate our employees to work remotely; (ii) we provided mental health counseling services to our employees to take care their mental wellbeing; and (iii) we provided necessities to our employees to accommodate their living needs.

In addition, we switched our focus from online financial literacy education services to the other two offerings since 2022, and strategically lowered our promotion efforts on the standard version and focused more on the premium/deluxe version of our financial information software services since 2022, as we believe price sensitive customers may be more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic. As a result, the number of paying users of online financial literacy education services and financial information software services had a significant decrease in the ten months ended October 31, 2022, compared to that of the same period in 2021. See “Business – Our Offerings – Online Financial Literacy Education Services” and “Business – Our Offerings – Financial Information Software Services”.

Despite the above, our revenue, total gross billing and the average gross billing per paying user were not materially and adversely affected, and we do not expect any permanent or material interruption to our operation resulting from the impact of COVID-19. Our revenue increased from RMB1,074.3 million in the ten months ended October 31, 2021 to RMB1,546.1 million in the same period in 2022. Our total gross billing and average gross billing per paying user in the ten months ended October 31, 2022 increased by 2.4% and 81.8%, respectively, compared to the same in the ten months ended October 31, 2021. For the ten months ended October 31, 2022, the gross billing of online high-end investor education services, financial

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## SUMMARY

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information software services and online financial literacy education services was RMB902.8 million, RMB608.7 million and less than RMB0.1 million, respectively, and the number of paying users of the above three offerings was 30,698, 23,190 and seven, respectively during the same period.

Since December 2022, the PRC government has started to relax some of its restrictive measures nationwide. Many regions are experiencing a temporary surge in infection cases. In the month ended December 31, 2022, 1,632 of our employees have informed us that they were infected, representing 68.7% of our total employees as of December 31, 2022. However, the surge in COVID-19 infections since December 2022 has not materially impacted our business operations and financial performance as the majority of our infected employees recovered and returned to office within approximately one week of infection. Our total gross billing in 2022 remained relatively stable compared to the same in 2021 and our revenue is expected to continually increase in 2022 compared to the same in 2021.

The recurrence of COVID-19 and the restriction measures taken by the government may change the outlook for the macro economy, resulting in more volatility of overall financial market and weakening investment willingness of the investors in the short term, which in turn may cause a temporary decrease in customer demand for our online investment decision-making solutions. Particularly, our online financial literacy education services and financial information software services may suffer more from such volatilities and uncertainties, as they both are at their respective early stages of acquiring customers and primarily target at a broader base of individual investors who may be more susceptible to economy downturns.

Although the recurrence did not impose any material adverse impact on our business operations and financial performance, there is no guarantee that the prolonged pandemic will not affect the demand for our offerings and our operations in the future. Our results of operations and combined financial position will depend on the future development of the outbreak, including its local and global severity and actions taken to contain it, which are highly uncertain and unpredictable. See “Risk Factors – Risks relating to Our Business and Industry – A sustained outbreak of the COVID-19 pandemic could have a material adverse impact on our business, operating results and financial condition.”

### **Financial Impact of the Grant of Awards under the Pre-IPO RSU Scheme**

On February 3, 2023, we granted Awards with an aggregate of 5,686 Shares (which shall be adjusted to 28,430,000 Shares upon completion of Capitalization Issue) under the Pre-IPO RSU Scheme. Such grant of Awards will cause expenses of the RSU amortization to be recognized by us for the year ending December 31, 2023, which will in turn cause the net profit of us for the financial year ending December 31, 2023 to drop substantially.

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## SUMMARY

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Our Directors confirm that, save for the above, there have been no material adverse changes in our business or results of operations since October 31, 2022, being the date of our last audited consolidated financial statements as set out in the Accountants' Report in Appendix I to this prospectus, and up to the date of this prospectus. Subsequent to the Track Record Period and up to the Latest Practicable Date, there was no significant changes to our general business model.

### **Regulatory Changes on Data and Cybersecurity**

On December 28, 2021, the CAC, jointly with the other 12 governmental authorities, promulgated the Measures for Cybersecurity Review (2021) (《網絡安全審查辦法(2021)》) (the “MCR”), which became effective on February 15, 2022. On November 14, 2021, the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Cyber Data Security Regulations**”) was promulgated by the CAC for public comments until December 13, 2021, and as of the Latest Practicable Date, it has not been formally adopted. See “Regulatory Overview – PRC Regulation Related to Internet Security and Privacy Protection”.

As advised by our PRC Legal Advisor, if (i) our data processing activities are deemed to affect or may affect national security under the MCR, or (ii) the Draft Cyber Data Security Regulations is fully implemented as-is, and our operation is deemed to affect or may affect national security, we may be subject to cybersecurity review and failure to conduct such review could result in severe penalties and/or action by the competent government authority. In addition, the competent PRC regulatory authorities may initiate a cybersecurity review on us. On April 25, 2022 and February 2, 2023, our PRC Legal Advisor and the Sponsor's PRC Legal Advisor made a telephone consultation with the China Cybersecurity Review Technology and Certification Center (the “CCRC”), which is delegated by the CAC to accept applications for cybersecurity review, the staff of which confirmed that the term “listing abroad (國外上市)” under the MCR exempts listing in Hong Kong from the mandatory obligation of ex-ante declaration of cybersecurity review and the Company does not need to apply for the cybersecurity review according to MCR. Based on the consultation with the CCRC, our PRC Legal Advisor is of the view that, we do not need to voluntarily initiate the application for cybersecurity review pursuant to Article 7 of the MCR. During the Track Record Period and up to the Latest Practicable Date, we have not received any inquiry, notice, warning, or sanctions in respect of any such recently promulgated laws, regulations or policies relating to data and cybersecurity.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-Border Data Transfer (《數據出境安全評估辦法》), the “**Data Cross Border Measures**”), which took effect on September 1, 2022. See “Regulatory Overview – PRC Regulation Related to Internet Security and Privacy Protection”.

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## SUMMARY

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As advised by our PRC Legal Advisor, based on their understanding of the Data Cross-border Measures, the requirement for cross-border data transfer security assessment is not applicable to us, because (i) the individual user determines by itself whether or not to allow overseas access to its own data through his registered account; and therefore we are not offering domestic data overseas out of our own initiative, (ii) the display and disclosure of the relevant information is only for personal use of information by domestic users rather than for collecting, transferring and using such personal information abroad to other foreign individuals or entities, (iii) to the extent that certain data is originated from his use of our apps outside the PRC, such data is not produced and collected within the PRC, and (iv) the amount of personal information transferred for the user's access to its own account is rather minimal. Furthermore, through the public search conducted by our PRC Legal Advisor, the data we process has not yet been included into any effective catalog of important or core data published by any governmental authority as such data is subject to the security assessment when transferred overseas under the Data Cross Border Measures.

Based on the above, our PRC Legal Advisor is of the view that as of the date of this prospectus, there has not been any data transfer overseas conducted by the Group which may potentially breach the Data Cross Border Measures.

### **Regulatory Developments on Overseas Listing**

On February 17, 2023, the CSRC published the new regulations for the filing-based administration of overseas securities offering and listing by domestic companies, which will come into effect on March 31, 2023. The newly released set of regulations consists of 6 documents, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Overseas Listing Measures**”) and 5 supporting guidelines. See “Regulatory Overview – PRC Regulation Related to Overseas Listing”. As of the Latest Practicable Date, the Trial Overseas Listing Measures have not come into effect. As advised by our PRC Legal Advisor, we believe that the Trial Overseas Listing Measures will not have material adverse impact on our business operations or our proposed listing in Hong Kong and as a stock enterprise, we are not required to perform the relevant filing procedures for our proposed listing in Hong Kong as of the date of this prospectus. See “Business – Legal Proceedings and Compliance – Recent Development on Regulations – Regulatory Developments on Overseas Listing”.

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## SUMMARY

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### OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 59,618,500 Shares are issued pursuant to the Global Offering; and (ii) the Over-allotment Option is not exercised.

	Based on an Offer Price of HK\$16.98	Based on an Offer Price of HK\$18.78
Market capitalization <sup>(1)</sup>	HK\$7,908.75 million	HK\$8,747.13 million
Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share <sup>(2)</sup>	HK\$3.27	HK\$3.50

(1) The calculation of market capitalization is based on 465,768,500 Shares expected to be in issue immediately after capitalization issues and upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(2) The unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company by 437,338,500 Shares, being the number of shares expected following the completion of the Capitalization Issue and the Global Offering (excluding 28,430,000 shares held by RSU Holding Entity under the Pre-IPO RSU Scheme), and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option. From October 31, 2022 to the Latest Practicable Date, the Company has not declared any dividend. See Note 3 to “Appendix II – Unaudited Pro Forma Financial Information – A. Unaudited Pro Forma Statement of Adjusted Net Tangible Assets – Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share” to this Prospectus.

### PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2022

On the basis set out in Appendix III to this prospectus, and in the absence of unforeseen circumstances, we estimate that our unaudited consolidated profit attributable to the equity shareholders of our Company to be as follows:

Estimated consolidated profit attributable to the equity shareholders of the Company for the year ended December 31, 2022	Not less than RMB461 million
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For details about the estimate of our consolidated profit for the year ended December 31, 2022, see “Appendix III – Profit Estimate.”

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## SUMMARY

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### LISTING EXPENSES

An Offer Price of HK\$17.88 per Share (being the mid-point of the indicative offer price range stated in this prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fee, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, which are payable by us, are estimated to amount in aggregate to be approximately RMB91.2 million, accounting for 9.8% of the gross proceeds from the Global Offering, of which RMB41.3 million has been charged to our consolidated statements of profit or loss in the year ended December 31, 2021 and the ten months ended October 31, 2022, approximately RMB10.5 million is expected to be charged to profit and loss in the last two months of 2022 and 2023, and approximately RMB39.4 million is directly attributable to the offering and listing of our Offer Shares and will be deducted from equity upon the Listing. By nature, our listing expenses are composed of (i) underwriting commission of approximately RMB32.6 million, and (ii) non-underwriting related expenses of approximately RMB58.6 million, which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB40.0 million and other fees and expenses of approximately RMB18.6 million.

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## DEFINITIONS

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

<b>“Accountants’ Report”</b>	the accountants’ report of our Company, the text of which is set out in Appendix I to this prospectus
<b>“affiliate”</b>	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
<b>“AFRC”</b>	the Accounting and Financial Reporting Council
<b>“Articles” or “Articles of Association”</b>	the articles of association of our Company, conditionally adopted on February 23, 2023 and effective from the Listing Date, a summary of which is set out in Appendix IV to this prospectus
<b>“Audit Committee”</b>	the audit committee of our Board
<b>“AVP License”</b>	License for the Dissemination of Audiovisual Programs on Information Networks (《信息網絡傳播視聽節目許可證》)
<b>“Board” or “Board of Directors”</b>	the board of Directors
<b>“business day”</b>	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
<b>“BVI”</b>	the British Virgin Islands
<b>“CAC”</b>	Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)
<b>“CAGR”</b>	compound annual growth rate
<b>“Capitalization Issue”</b>	the issuance of Shares to be made upon the capitalization of certain sums standing to the credit of the share premium account of our Company, as further described in “Statutory and General Information – A. Further Information about our Group – 4. Resolutions of Our Shareholders” in Appendix V

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## DEFINITIONS

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“ <b>Capital Market Intermediaries</b> ” or “ <b>capital market intermediary(ies)</b> ” or “ <b>CMI(s)</b> ”	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
“ <b>Cayman Companies Act</b> ” or “ <b>Companies Act</b> ”	the Companies Act (2023 Revision) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
“ <b>CCASS</b> ”	the Central Clearing and Settlement System established and operated by HKSCC
“ <b>CCASS Clearing Participant</b> ”	a person admitted to participate in CCASS as a direct participant or a general clearing participant
“ <b>CCASS Custodian Participant</b> ”	a person admitted to participate in CCASS as a custodian participant
“ <b>CCASS EIPO</b> ”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give <b>electronic application instructions</b> via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving <b>electronic application instructions</b> through the CCASS Internet System ( <a href="https://ip.ccass.com">https://ip.ccass.com</a> ) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input <b>electronic application instructions</b> for CCASS Investor Participants through HKSCC’s Customer Service Center by completing an input request
“ <b>CCASS Investor Participant</b> ”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“ <b>CCASS Participant</b> ”	A CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant



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## DEFINITIONS

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“China”, “Mainland China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau Special Administrative Region and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”, “the Company”, or “our Company”	JF Wealth Holdings Ltd (九方财富控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on May 3, 2021
“Concert Party Confirmation”	the concert party confirmation dated August 20, 2021 executed by Mr. Chen Wenbin, Mr. Yan Ming and Ms. CHEN NINGFENG to confirm that they have been parties acting in concert in exercising shareholders’ rights of the Group since January 1, 2018
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to each of Mr. Chen Wenbin, Mr. Yan Ming, Ms. CHEN NINGFENG, Coreworth, Harmony Creek, Rich Horizon and Embrace Investments who are acting in concert as a group of Shareholders
“Coreworth”	Coreworth Investments Limited, a business company incorporated in the BVI with limited liability on July 25, 2013 and is wholly owned by Mr. Chen Wenbin, one of our Controlling Shareholders
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“CSRC Letter”	A confirmation letter issued by the Shanghai Bureau of CSRC (中國證券監督管理委員會上海證監局) on January 4, 2023, which indicated the compliance status of Shanghai Jiufangyun
“Cybersecurity Law”	The Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》)

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## DEFINITIONS

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“Data Security Law”	Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》)
“Director(s)”	the director(s) of our Company
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), which came into effect on January 1, 2008 and was last revised on December 29, 2018
“Embrace Investments”	Embrace Investments Limited, a business company incorporated in the BVI with limited liability on June 8, 2021 and is wholly owned by Mr. Chen Wenbin, one of our Controlling Shareholders
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an Independent Third Party and a market research firm engaged by the Company to prepare an industry report, the details of which are set out in “Industry Overview”
“Frost & Sullivan Report”	an industry report commissioned by us and issued by Frost & Sullivan, a private independent research firm, containing an analysis of the online investment decision-making solution market in the PRC and other relevant economic data, as referred to in “Industry Overview”
“Fumeng”	Shenzhen Fumeng Networking Technology Co., Ltd (深圳富盟網絡技術有限公司)
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form”	the application form to be completed by the <b>White Form eIPO</b> Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “the Group”, “our Group”, “we” or “us”	our Company and our subsidiaries and, in respect of the period before the Company became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)

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## DEFINITIONS

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<b>“Harmony Creek”</b>	Harmony Creek Investments Limited, a business company incorporated in the BVI with limited liability on October 29, 2015 and is wholly owned by Mr. Yan Ming, and one of our Controlling Shareholders
<b>“HK\$” or “Hong Kong dollar(s)” or “cent”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“HKFRS”</b>	the Hong Kong Financial Reporting Standards
<b>“HKFRS 16”</b>	HKFRS 16 is an Hong Kong Financial Reporting Standard promulgated by the Hong Kong Institute of Certified Public Accountants providing guidance on accounting for leases. HKFRS 16 was issued in January 2016 and is effective for most companies that report under HKFRS since January 1, 2019.
<b>“HKSCC”</b>	Hong Kong Securities Clearing Company Limited
<b>“HKSCC Nominees”</b>	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
<b>“Hong Kong” or “HK”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Offer Shares”</b>	the 5,962,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation, as described in the section headed “The Structure of the Global Offering”
<b>“Hong Kong Public Offering”</b>	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong
<b>“Hong Kong Share Registrar”</b>	Computershare Hong Kong Investor Services Limited
<b>“Hong Kong Stock Exchange” or “Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Hong Kong Takeovers Code” or “Takeovers Code”</b>	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
<b>“Hong Kong Underwriters”</b>	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting – Hong Kong Underwriters” in this prospectus

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## DEFINITIONS

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<b>“Hong Kong Underwriting Agreement”</b>	the underwriting agreement dated February 27, 2023 relating to the Hong Kong Public Offering and entered into by our Company, the Controlling Shareholders, the Overall Coordinators, the Sole Sponsor and the Hong Kong Underwriters, as further described in section headed “Underwriting” in this prospectus
<b>“Independent Third Party(ies)”</b>	any entity or person who, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
<b>“International Offer Shares”</b>	the 53,656,500 Shares being initially offered in the International Offering together with, where relevant, any additional Shares which may be issued by us pursuant to the exercise of the Over-allotment Option, subject to reallocation, as described in the section headed “The Structure of the Global Offering”
<b>“International Offering”</b>	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S
<b>“International Underwriters”</b>	the underwriters of the International Offering
<b>“International Underwriting Agreement”</b>	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, our Company, the Controlling Shareholders and the Overall Coordinators on behalf of the International Underwriters on or about March 3, 2023
<b>“JF Wealth (BVI)”</b>	JF Wealth (BVI) Limited (九方财富(BVI)有限公司), a business company incorporated under the laws of the BVI with limited liability on May 14, 2021 and is a direct wholly owned subsidiary of the Company
<b>“JF Wealth (HK)”</b>	JF Wealth (HK) Limited (九方财富(香港)有限公司), a company incorporated under the laws of Hong Kong on June 1, 2021 and is an indirect wholly owned subsidiary of the Company
<b>“Joint Bookrunners”</b>	the joint bookrunners as named in the section “Directors and Parties Involved in the Offering”

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## DEFINITIONS

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<b>“Joint Global Coordinators”</b>	the joint global coordinators as named in the section “Directors and Parties Involved in the Offering”
<b>“Joint Lead Managers”</b>	the joint lead managers as named in the section “Directors and Parties Involved in the Offering”
<b>“Latest Practicable Date”</b>	February 18, 2023, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
<b>“Listing”</b>	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
<b>“Listing Date”</b>	the date, expected to be on or about March 10, 2023, on which our Shares are listed on the Hong Kong Stock Exchange and from which dealings in our Shares are permitted to commence on the Hong Kong Stock Exchange
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
<b>“M&amp;A Rules”</b>	the Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) effective as of September 8, 2006, as amended from time to time
<b>“Main Board”</b>	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
<b>“Memorandum” or “Memorandum of Association”</b>	the memorandum of association of our Company adopted on May 3, 2021, a summary of which is set out in Appendix IV to this prospectus
<b>“MIIT”</b>	Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)
<b>“MOF”</b>	Ministry of Finance of the PRC (中華人民共和國財政部)

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## DEFINITIONS

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<b>“MOFCOM”</b>	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)
<b>“NASDAQ”</b>	the NASDAQ Stock Market in the United States
<b>“Negative List”</b>	the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》)
<b>“NDRC”</b>	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)
<b>“NRTA”</b>	National Radio and Television Administration (國家廣播電視總局)
<b>“Offer Price”</b>	the final offer price per Offer Share (exclusive of brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.00565%)
<b>“Offer Shares”</b>	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by us pursuant to the exercise of the Over-allotment Option
<b>“Over-allotment Option”</b>	the option expected to be granted by us to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 8,942,500 Shares at the Offer Price to cover over-allocations in the International Offering, if any
<b>“Overall Coordinators”</b>	China International Capital Corporation Hong Kong Securities Limited, BNP Paribas Securities (Asia) Limited and Huatai Financial Holdings (Hong Kong) Limited
<b>“Personal Information Protection Law”</b>	The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》)

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## DEFINITIONS

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<b>“Pre-IPO RSU Scheme”</b>	the Pre-IPO Restricted Share Unit Scheme adopted by the Board on June 1, 2021 and amended on February 20, 2023, a summary of principal terms is set forth in “Statutory and General Information – D. Pre-IPO RSU Scheme” in Appendix V to this prospectus
<b>“PRC government” or “State”</b>	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
<b>“PRC Legal Advisor”</b>	King & Wood Mallesons, the PRC legal advisor to our Company
<b>“Price Determination Date”</b>	the date, expected to be on or about Friday, March 3, 2023, on which the Offer Price will be determined and, in any event, not later than Tuesday, March 7, 2023
<b>“Province” or “province”</b>	each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the PRC Government
<b>“Regulation S”</b>	Regulation S under the U.S. Securities Act
<b>“Remuneration Committee”</b>	the remuneration committee of our Board
<b>“Reorganization”</b>	the corporate reorganization undergone by our Group in preparation for the Listing as described in “History, Reorganization and Corporate Structure – Reorganization”
<b>“Rich Horizon”</b>	Rich Horizon Investments Limited, a business company incorporated in the BVI with limited liability on October 18, 2013 and is wholly owned by Ms. CHEN NINGFENG, and one of our Controlling Shareholders
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“RSU Holding Entity”</b>	Silver Runner Limited, a business company incorporated in the BVI with limited liability and wholly owned by The Core Trust Company Limited, holding our Shares pursuant to the Pre-IPO RSU Scheme on trust for and on behalf of grantees under the Pre-IPO RSU Scheme

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## DEFINITIONS

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“RTPPO License”	License for Production and Operation of Radio and Television Programs (《廣播電視節目製作經營許可證》)
“SAC”	Securities Association of China (中國證券業協會)
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	State Administration For Market Regulation (國家市場監督管理總局)
“SCNPC”	The Standing Committee of the National Peoples’ Congress (全國人民代表大會常務委員會)
“Securities Investment Advisory License”	The Securities and Future Business License issued by CSRC with a licensed business scope of securities investment advisory
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Beixun”	Shanghai Beixun Industrial Co., Ltd. (上海鉅動實業有限公司), a company incorporated in the PRC on November 28, 2011
“Shanghai Bureau of CSRC”	the Shanghai Bureau of the China Securities Regulatory Commission (中國證券監督管理委員會上海證監局)
“Shanghai Fudong”	Shanghai Fudong Culture Media Co., Ltd. (上海富動文化傳媒有限公司), a company incorporated in the PRC on October 10, 2009, and an indirect wholly-owned subsidiary of the Company



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## DEFINITIONS

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<b>“Shanghai Jiufangyun”</b>	Shanghai Jiufangyun Intelligent Technology Co., Ltd. (上海九方雲智能科技有限公司), (formerly known as Shanghai Xinhuitong Investment Consulting Co., Ltd. (上海新匯通投資顧問有限公司), Xiamen Xinhuitong Investment Consulting Co., Ltd. (廈門市新匯通投資諮詢有限公司) and Xiamen Bubutong Mobile Phone Accessories Co., Ltd. (廈門市步步通移動電話配件有限公司)), a company incorporated in the PRC on August 19, 1996, and an indirect wholly-owned subsidiary of the Company
<b>“Shanghai Juxinge”</b>	Shanghai Juxinge Network Technology Co., Ltd. (上海聚鑫閣網絡科技有限公司), a company incorporated in the PRC on May 31, 2021, and an indirect wholly-owned subsidiary of the Company
<b>“Shanghai Pianjin”</b>	Shanghai Pianjin Network Technology Co., Ltd. (上海駢進網絡科技有限公司), a company incorporated in the PRC on April 30, 2021, and an indirect wholly-owned subsidiary of the Company
<b>“Shanghai Qifu”</b>	Shanghai Qifu Business Consulting Center (Limited Partnership) (上海啟晷商務諮詢中心(有限合夥)), a limited liability partnership established in the PRC on May 21, 2020, and is owned by Mr. Zheng Yuanbo as to 78.10%, Mr. Zhang Peihong as to 11.43%, Ms. Wang Xia as to 0.95%, Ms. Zheng Xiaofang as to 0.95%, Mr. Li Xiaolong as to 0.95%, Ms. Wang Ping as to 0.95%, Mr. Xie Xiangdong as to 0.95%, Mr. Yang Jinlong as to 0.95%, Mr. Yao Linxing as to 0.95%, Mr. Cheng Wei as to 0.95%, Ms. Zhang Lingyu as to 0.95%, Ms. Liu Yang as to 0.95% and Ms. Huang Peiqiong as to 0.95%, all of which are employees or former employees of Shanghai Jiufangyun, and each of Ms. Wang Ping and Mr. Cheng Wei is also the vice president of the Company
<b>“Shanghai Qijian”</b>	Shanghai Qijian Technology Information Technology Co., Ltd. (上海啟見科技信息技術有限公司) (formerly known as Sina Shijin (Shanghai) Information Technology Co., Ltd. (新浪時金(上海)信息技術有限公司) and Sina Finance (Shanghai) Information Technology Co., Ltd. (新浪財道(上海)信息技術有限公司)), a company incorporated in the PRC on October 11, 2013

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## DEFINITIONS

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“Shanghai Shangjie”	Shanghai Shangjie Network Technology Co., Ltd. (上海熵界網絡科技有限公司), a company incorporated in the PRC on April 30, 2021, and an indirect wholly-owned subsidiary of the Company
“Shanghai Xieluo”	Shanghai Xieluo Information Technology Co., Ltd. (上海攜洛信息技術有限公司), a company incorporated in the PRC on July 26, 2016
“Shanghai Xieyu”	Shanghai Xieyu Chuanzhang Zhiye Co., Ltd. (上海蟹嶼船長置業有限公司), a company incorporated in the PRC on September 22, 2015, and an associate of Mr. Chen Wenbin
“Shanghai Yingma”	Shanghai Yingma Computer Network Technology Co., Ltd. (上海贏馬計算機網絡科技有限公司), a company incorporated in the PRC on October 19, 2018, and an indirect wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) in the capital of our Company with nominal value of HK\$0.00001 each
“Shareholder(s)”	holder(s) of our Shares
“Shenzhen Huatian”	Shenzhen Huatian Film and Television Culture Media Co., Ltd. (深圳畫天影視文化傳播有限公司)
“SmartInvest Info”	九方智投擒龍版 or 九方擒龍, our proprietary App with both mobile and PC versions through which we provide our financial information software services
“SmartInvest Intro”	贏馬學堂, our proprietary mobile App through which we provide our online financial literacy education services
“SmartInvest Pro”	九方智投旗艦版 or 九方智投, our proprietary App with both mobile and PC versions through which we provide our online high-end investor education services
“Smart Selection”	our proprietary App with both mobile and PC versions, serving as a marketing channel through which we distribute free investment-related contents, as opposed to our revenue-generating Apps, namely SmartInvest Pro, SmartInvest Intro and SmartInvest Info

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## DEFINITIONS

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“Sole Sponsor” and “Sole Sponsor-Overall Coordinator”	China International Capital Corporation Hong Kong Securities Limited
“Stabilizing Manager”	China International Capital Corporation Hong Kong Securities Limited
“State Council”	the PRC State Council (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Coreworth Investments Limited and the Stabilizing Manager (or its agents) on or around the Price Determination Date
“Track Record Period”	the three financial years ended December 31, 2019, 2020 2021 and the ten months ended October 31, 2022
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$”	U.S. dollars, the lawful currency of the United States of America
“U.S.” or “United States”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
“VAT”	value-added tax
“WFOE”	JF (Shanghai) Information Technology Co., Ltd. (極芾(上海)信息技術有限公司), a company incorporated in the PRC on July 23, 2021 and a an indirect wholly owned subsidiary of the Company
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the <b>White Form eIPO</b> Service Provider, <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>

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## DEFINITIONS

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<b>“White Form eIPO Service Provider”</b>	Computershare Hong Kong Investor Services Limited
<b>“Yinke Holdings”</b>	Yinke Holdings Ltd, an exempted company incorporated in the Cayman Islands with limited liability on July 16, 2020 and a direct holding company of Yintech Holdings
<b>“Yinke Management”</b>	Yinke Management Holdings Ltd, an exempted company incorporated in the Cayman Islands with limited liability on September 3, 2020 and is wholly-owned by Mr. Chen Wenbin
<b>“Yintech Elements (BVI)”</b>	Yintech Elements Company Limited, a business company incorporated in the BVI with limited liability on November 9, 2015, a direct wholly-owned subsidiary of Yintech Holdings
<b>“Yintech Elements (HK)”</b>	Yintech Elements Company Limited, a company incorporated under the laws of Hong Kong on November 19, 2015, a direct wholly-owned subsidiary of Yintech Elements (BVI)
<b>“Yintech Holdings”</b>	Yintech Investment Holdings Limited, an exempted company incorporated in the Cayman Islands on November 4, 2015 with limited liability, whose American depositary receipts were previously listed on the NASDAQ (ticker symbol: YIN) and were delisted from the NASDAQ on November 18, 2020. It was ultimately controlled by Mr. Chen Wenbin, Mr. Yan Ming and Ms. CHEN NINGFENG, our non-executive Directors and Controlling Shareholders, as to 35.13%, 23.06% and 20.52%, respectively as of the Latest Practicable Date
<b>“Yintech Holdings Group”</b>	Yintech Holdings and its subsidiaries

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

The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese or another language included in this prospectus is for identification purposes only. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.

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## GLOSSARY OF TECHNICAL TERMS

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This glossary of technical terms contains terms used in this prospectus as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“active/inactive paying users”	active paying users refer to paying users who have logged in their respective accounts at least one time or above on average each month of the relevant subscription period; inactive paying users refer to paying users who have logged in their respective accounts less than one time on average each month of the relevant subscription period
“A-share”	the shares that are traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange in RMB
“AI”	artificial intelligence
“App(s)”	application software designed to run on PC, smartphone and other mobile devices
“average MAU”	average MAU for a particular period is the average of the MAU in each month during that period
“AvRch”	the average daily number of the audience with at least a minute spent watching the TV program
“big-data analysis”	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information that can help organizations make more informed business decisions
“certified lecturers”	employees of the Group who provide lecturing services under the Group’s online high-end investor education services and financial information software services. The securities investment advisor qualification is required for all certified lecturers in the Group. Employees with the securities investment advisor qualification can concurrently take on the role as certified lecturers as well as one-on-one consultants
“customers” or “paying users”	individuals that purchase our offerings during a specific period

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## GLOSSARY OF TECHNICAL TERMS

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“existing customers”	customers who purchased our offerings in both the previous year and the current year/period
“gross billing”	the total amount of cash received for the sale of product/service in such period including tax, net of the total amount of refunds for a specific period
“KOL(s)”	acronym for “key opinion leaders,” the users of an internet product who are accepted or trusted by other users of the internet product and can significantly influence their decisions
“mass affluent class in China”	individual investors with a balance of investible securities equal to or above RMB300,000 or typically an average annual household/individual income within RMB500,000
“MAU”	refers to monthly active users, which are calculated as the number of unique user accounts that visit an App at least once during the calendar month in question
“MCN(s)”	acronym for “multi-channel network,” is an organization that offers assistance in areas such as production, content programming, monetization and audience development to the internet KOLs or internet celebrity
“MCN channel(s)”	Accounts operated by MCNs on various internet platforms including Kuaishou, Douyin, WeChat and Weibo, etc.
“NLP”	acronym for “natural language processing,” a way for computers to analyze, understand and derive meaning from human language in a smart and useful way
“one-on-one consultants”	employees of the Group who provide one-on-one advisory and support services under the Group’s online high-end investor education services and financial information software services. The securities investment advisor qualification is required for all one-on-one consultants in the Group. Employees with the securities investment advisor qualification can concurrently take on the role as one-on-one consultants as well as certified lecturers
“our revenue-generating Apps” or “SmartInvest Apps”	SmartInvest Pro, SmartInvest Intro and SmartInvest Info

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## GLOSSARY OF TECHNICAL TERMS

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“page view”	page view, which refers to, with respect to our website, the aggregate number of pages visited by unique visitors to our website, counted once every time a web page is opened
“PC”	acronym for “personal computer”
“refund rate”	refund rate refers to the proportion of refund amount during the specific period over total payment amounts in such period
“short-form video”	a form of video with length under five minutes
“short-form video platform”	a platform focusing on facilitating creation and sharing of short-form videos, which range from seconds to minutes in duration and easily shared and accessed across the mobile internet
“traffic”	in terms of traffic in our market matrix, the flow of audience on various media platforms
“the securities investment advisor qualification”	an advanced qualification in the PRC securities industry. Applicants with the securities practitioner qualification can further obtain such qualification through passing the professional qualification exam on securities investment advisory services and registering with the SAC through the securities institutions where the applicants are employed
“the securities practitioner qualification”	the general qualification in the PRC securities industry. Applicants can obtain the qualification through passing the general qualification exam and registering with the SAC through the securities institutions where applicants are employed
“user profile(s)”	A visual display of personal data associated with a unique user, or a customized desktop environment

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## FORWARD-LOOKING STATEMENTS

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**We have included in this prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.**

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” “vision”, “aspire”, “target”, “schedules” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the 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 us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel, and recruit qualified staff;
- our business strategies and plans to achieve these strategies, including our expansion plans;
- the actions of and developments affecting our competitors;
- our ability to reduce costs and offer competitive prices;



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## FORWARD-LOOKING STATEMENTS

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- our ability to defend our intellectual rights and protect confidentiality;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends;
- capital market developments; and
- our dividend policy.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically, but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this 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 in this prospectus are qualified by reference to the cautionary statements in this section.

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

All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

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## RISK FACTORS

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*An investment in our Shares involves significant risks. 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. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Offer Shares could decline, and you may lose all or part of your investment.*

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

### **RISKS RELATING TO OUR BUSINESS AND INDUSTRY**

**We are subject to extensive and evolving regulatory requirements in the industries we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses, and consequently may materially and adversely affect our business, financial condition, operations and prospects.**

Companies in the online investment decision-making solution service industry have been increasingly regulated over recent years, and penalties and fines imposed by regulatory authorities have also increased. As such, we are subject to extensive regulations, which creates risk and uncertainty in our operations. Our business operations in China are subject to applicable PRC laws, regulations, guidelines, circulars, and other regulatory guidance. These laws and regulatory requirements establish a framework within which we carry out our business operations. Failure to comply with such laws and regulatory requirements can result in investigations and regulatory actions, which may lead to penalties, including reprimands, fines, limitations or prohibitions on our future business activities or suspension or revocation of our licenses. Any such outcome may affect our ability to conduct business, harm our reputation and, consequently, materially and adversely affect our business, financial condition, results of operations and prospects. Also, legislative changes in rules promulgated by government agencies and self-regulatory organizations that apply to our business and changes in the interpretation or enforcement of existing laws and rules, may directly affect our model of operations and profitability.

From time to time, Shanghai Jiufangyun, with a Securities Investment Advisory License may be subject to or required to assist in inquiries or investigations by relevant regulatory authorities in China. The CSRC conducts on-site reviews and off-site monitoring to ascertain and supervise our business conduct and compliance with relevant regulatory requirements and to assess and monitor, among other things, our financial soundness. We are subject to such

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## RISK FACTORS

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regulatory examination and inquiries from time to time. If any misconduct is identified as a result of inquiries, reviews or investigations, the CSRC may take disciplinary actions which would lead to revocation or suspension of licenses, public or private reprimand or imposition of pecuniary penalties against us. Any such disciplinary actions taken against us may have a material and adverse impact on our business operations and financial results.

**If we are unable to retain existing customers or attract new customers to purchase or renew our offerings, or if we fail to provide offerings to address the needs of our customers as they evolve, our business and results of operations may be materially and adversely affected.**

We derive our revenue from our services provided to our customers. Whether we are able to retain current customers and attract more new customers is critical to sustaining our high growth momentum. If there is insufficient demand for our services, we might not be able to maintain and increase our revenue as we expect, and our business and results of operations may be adversely affected.

During the Track Record Period, our revenue was primarily derived from our online high-end investor education services. As such, our success depends largely on our ability to retain existing customers and acquire new customers for our online high-end investor education services. Our customers may not continue to subscribe to our offerings if we cannot match the prices offered by other market players. Also, the rising trend that individual investors are becoming more willing to collect and share investment knowledge may result in lower demand for paid investor education content; if we fail to maintain our content production ability and constantly launch offerings with high-quality and unique content, we may not be able to attract potential customers for our online high-end investor education services and other offerings. Failure to deliver offerings in a timely manner at competitive prices with satisfactory experience will also cause our customers to lose confidence in us and purchase our offerings less frequently or even stop using our offerings altogether, which in turn will materially and adversely affect our business.

In addition, our operation results may be affected by the financial market conditions. The deterioration in market sentiment will adversely and materially affect our businesses. For example, during the period from July 2022 to October 2022, under the background of multiple rounds of raise in the interest rate by the Federal Reserve and the relatively unsatisfying performance of overall financial markets including A-share market, our customers' confidence in the overall financial market was further weakened. Affected by the market condition and the consequential temporary decrease in the demand for our investment decision-making solutions, the number of paying user of our online high-end investor education services decreased from 31,564 in the ten months ended October 31, 2021 to 30,698 in the ten months ended October 31, 2022.

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## RISK FACTORS

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Our ability to anticipate and identify the evolving needs of our customers and to develop and introduce new offerings to address such needs will be a significant factor in maintaining or improving our competitive position and prospects for growth. For example, since 2022, we switched our focus from online financial literacy education services to the other two offerings, and in respect of our financial information software services, we further focused more on the premium version and the deluxe version instead of the standard version. See “Business – Our Offerings” for details. If we are unable to upgrade our course, educational content offerings or software services to address such developments in a timely manner, or if we fail to develop our offerings according to our business strategy and meet the needs of our target customers in a timely manner, the demand for and attractiveness of our offerings may be adversely affected, which could have an adverse impact on our financial condition and results of operations. We may also have to incur substantial unanticipated costs to maintain and further strengthen such abilities. Even if we introduce new and enhanced services to the market, they may not achieve market acceptance.

Our future success will depend partially on our ability to develop and introduce new offerings to respond to the evolving needs of our users and customers in a timely and cost-effective manner. We provide services in markets that are characterized by rapid technological changes, evolving industry standards, frequent new service introductions, and increasing demand for higher levels of customer experience. In recent years, we have expanded our offerings for our customers from online investor content services to online financial information software services, and we may continue to expand our new offerings in the future. For example, since December 2020, we have been exploring and developing our online financial literacy education services as a new service segment, and since 2021, we have developed and launched financial information software services. However, expansion into new offerings may involve new risks and challenges that we may not have experienced before. We cannot assure you that we will be able to overcome such new risks and challenges and make our new offerings successful. Initial timetables for the introduction and development of new offerings may not be achieved and profitability targets may not prove feasible. External factors, such as compliance with regulations, competition and shifting market preferences, may also impact the successful implementation of our new offerings. Our personnel and technology systems may fail to adapt to the changes in such new areas or we may fail to effectively integrate new services into our existing operations. We may lack experience in managing our new offerings. In addition, we may be unable to proceed with our operations as planned or compete effectively due to different competitive landscapes in these new areas. Even if we expand our business into new areas, the expansion may not yield intended profitable results. Furthermore, any new offerings could have a significant impact on the effectiveness of our internal control system. Failure to successfully manage these risks in the development and implementation of new offerings could have a material adverse effect on our business, results of operations and financial condition.

We believe that we must continue to make investments to support ongoing research and development in order to develop new or enhanced offerings to retain competitive. We need to continue to develop and introduce new offerings that incorporate the latest technological advancements in response to evolving user and customer needs. Our business and results of

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## RISK FACTORS

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operations could be adversely affected if we do not anticipate or respond adequately to technological developments or the changing needs of our users and customers. We cannot assure you that any such investments in research and development will lead to any corresponding increase in revenue.

**We face significant competition in the industry we operate in, and if we are unable to compete effectively, we may lose our market share and our results of operations and financial condition may be materially and adversely affected.**

The industry in which we operate is rapidly evolving and intensely competitive. We expect competition to continue and intensify in the future.

In addition, the industry in which we operate exhibits massive opportunities which may attract other market players to enter the industry by adopting a similar business model, which may significantly affect our market share and sales volume. For example, other market players may take advantage of their established resources and satisfy applicable regulatory requirements through acquisitions and organic development.

We expect competition to increase in the future as current competitors diversify and improve their offerings and as new participants enter the market. We cannot assure you that we will be able to compete effectively or efficiently with current or future competitors. They may be acquired by, receive investment from or enter into strategic relationships with, established and well-financed companies or investors, which would help enhance their competitiveness. Furthermore, the current competitors and new entrants in the industry in which we operate may also seek to develop new offerings, technologies or capabilities that could render some of the services that we offer obsolete or less competitive, and some of them may adopt more aggressive pricing policies or devote greater resources to marketing and promotional campaigns than we do. The occurrence of any of these circumstances may hinder our growth and reduce our market share, and thus our business, results of operations, financial condition and prospects would be materially and adversely affected.

**We cannot guarantee the profitability of the investment made by our customers, which are prone to unpredictable market fluctuations and other factors out of our control, and consequently our business and results of operations may be materially and adversely affected by such factors.**

The investment made by our customers are often influenced by unpredictable market fluctuations and other factors beyond our control, such as broad trends in business and finance, changes in volume of securities transactions, changes in the markets in which such transactions occur, changes in how such transactions are processed and in economic and political conditions. These factors can be unpredictable and the full impact of such factors can remain uncertain, and our business and results of operations maybe adversely affected.

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Fluctuations in the financial market, especially declines in overall market values and stock prices have historically resulted in illiquid markets and discouragements of investment. Declined activeness in trading activities can further result in lower demand for financial market related services, adversely affecting the revenues and profitability of our business.

Any changes in the financial market or in general economic and political conditions, could cause our future performance to be uncertain or unpredictable, and could have an adverse effect on our business, financial condition and results of operations. Since the start of 2022, a series of matters, including the recent outbreak of COVID-19 in China, Russia-Ukraine conflict, and the expected interest rate increase and balance sheet reduction by Federal Reserve of the United States, have increased the volatilities of the financial markets and changed the outlook for macro-economy. The development of any of the matters above are beyond our control, and we cannot predict their further impacts on the performance of the financial markets and the global economy. Significant downturns in the financial market or in general economic and political conditions may also cause our customers to be reluctant to make investments into financial markets and thus decrease the demand for financial market related services, which could also result in our customers reducing their engagement with us. Due to the recent underperformance of the financial markets, there is no guarantee that we can launch new offerings successfully or our newly launched offerings, could achieve expected results. For details on impacts of COVID-19 outbreak, see “Summary – Recent Developments – COVID-19 Impacts.” Any of the foregoing factors could have a material adverse effect on our business, financial condition, results of operations and cash flows. Conversely, significant upturns in the financial market or in general economic and political conditions may cause our customers to be less proactive in seeking ways to improve their investment decisions and, thus, decrease the demand for financial market related services.

Although our offerings contain prominent disclaimers, our customers may seek to hold us responsible when they suffer financial loss on their trades, or if their trades are not as profitable as they have expected. Furthermore, it is possible that some customers could ignore our alert warnings that customers should make their own investments and should not predict future performance based on historical records. Some customers who have suffered substantial losses may blame us, seek to recover their damages from us or bring lawsuits against us.

**Refunds or potential refund disputes may negatively affect our cash flow, financial condition, and reputation.**

We offer different refund options to our customers, which may involve subjective or objective elements, depending on the time of subscription of our services subject to certain conditions and restrictions in the service contract between us and each of our customers. Our customers are entitled to a full refund without any reason within five working days of the purchase and such refund requests may be based on subjective elements. Our customers are also entitled to the refund of payments which are proportionate to the services not yet rendered, upon reasonable request and as agreed between us. When calculating gross billing for a specific period, we deduct the total amount of refunds from the total amount of cash received for the sale of course packages for such period.

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The number of refund requests and the amount of refunds could be affected by a number of factors involving both subjective and objective elements. These factors include, without limitation to, customers dissatisfaction with our service quality and our course and educational content offerings, privacy concerns relating to our online platforms, negative publicity regarding us or the investment advisory business in general, the terms and scope of our refund policy, any change or development in PRC laws and regulations with respect to fees charged by online investment advisory service providers like us, and the overall financial market performance. In 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, our refund rate was 9.8%, 12.5%, 16.1%, 16.1% and 25.2%, respectively. Our refund rate may further increase in case of market deterioration. Any refund payments that we may be required to make to our customers, as well as the expenses we could incur for processing refunds and resolving refund disputes, could be substantial and could adversely affect our cash flow, financial condition, and reputation. A high volume of refunds and refund disputes may also generate negative publicity that could harm our reputation. We have experienced in the past, and may experience in the future, negative publicity in relation to refund disputes between us and our customers, which may significantly harm our brand name and divert our attention from operating our business.

**We had incurred net losses in the past, and we may continue to incur losses in the future. We also recorded net current liabilities and negative equity, or net deficit, during the Track Record Period.**

In 2019, we had net losses of RMB57.8 million. In 2020, 2021 and the ten months ended October 31, 2021 and 2022, we generated profit. We had a net asset position as of December 31, 2021 and October 31, 2022. For 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, we also recorded net cash generated from operating activities of RMB148.4 million, RMB311.5 million, RMB596.1 million, RMB261.6 million and RMB11.9 million, respectively. We cannot assure that we will continue to be profitable, have a net cash position or record net cash generated from operating activities in the future. We anticipate that our operating costs and expenses will increase in the foreseeable future as we continue to grow our business, attract users and customers, further enhance and develop our offerings, enhance our technology capabilities and increase our brand recognition. These efforts may prove more costly than we currently anticipate, and we may not succeed in increasing our revenues sufficiently to offset these higher expenses. There are other external and internal factors that could negatively affect our financial condition. Furthermore, we have adopted a share incentive plan in the past and may adopt new share incentive plans in the future, which have caused, and will result in, significant share-based compensation expenses to us. As a result of the foregoing and other factors, we may continue to incur net losses in the future.

Moreover, we recorded net current liabilities of RMB131.4 million, RMB120.3 million and RMB110.9 million as of December 31, 2019, 2020 and 2021, respectively, and total deficit of RMB63.9 million and RMB3.1 million as of December 31, 2019 and 2020, respectively. Although we recorded net current assets of RMB287.5 million as of October 31, 2022, and total equity of RMB69.2 million and RMB417.1 million as of December 31, 2021 and October 31, 2022, respectively, we cannot assure you that we will not have net current liabilities or deficit

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in the future. A net current liabilities position exposes us to liquidity risks, and our liquidity position may be materially and adversely affected, which in turn may impact our ability to execute our business strategies and constrain our business operation. In such event, our business, financial condition and results of operations could be materially and adversely affected.

**We rely on a number of key suppliers to provide us with certain services, the loss of supply from whom could have a material adverse effect on our reputation, ability to retain customers, market share, and results of operations.**

For each year or period during the Track Record Period, charges from our largest supplier accounted for 36.8%, 13.8%, 23.6% and 14.7%, respectively, of our total cost of sales and operating expenses, and charges from our five largest suppliers accounted for 50.9%, 33.5%, 36.1% and 33.9%, respectively, of our total cost of sales and operating expenses. We rely on our key suppliers to provide us with certain services, including market information, technological support, promotion service, short message service. Loss of supply from some of our key suppliers, or a significant adverse change in the relationship with them, could interrupt our business and operations. Our failure to obtain the necessary services from our key suppliers in a timely manner could substantially limit our ability to meet our services to our customers or to efficiently deploy our equipment fleet. Any failure to meet such obligations could have a material adverse effect on our reputation, ability to retain customers, market share, and results of operations.

We mainly attract followers in the head social media platforms, including Douyin, Wechat, Kuaishou and Weibo. As of December 31, 2022, followers on these platforms together accounted for 96.3% of our total followers of MCN accounts. In addition, we may primarily rely on certain social media platforms to acquire target customers for our product offerings from time to time, due to their leading positions in the industry and popularity among audience. If these leading social media platforms lose their market position, become more regulated or become less attractive to their users, it could result in a significant reduction in their user base, which in turn could affect the reach and popularity of our content and further affect our ability to attract potential customers, resulting in adverse impact on our business operations and financial performance. We also cooperate with suppliers to distribute such videos, audios and livestreaming broadcasts and maintain the function of interaction with our customers through our internet terminals. During the Track Record Period and up to the Latest Practicable Date, we engaged Fumeng, a holder and the service vendor of AVP License, to provide video, audio and livestreaming broadcast technology and service to us. Since August 2021, we also have engaged Shenzhen Huatian, a holder and the service vendor of RTPPO License, to provide audio-visual program production services to us. Neither we nor Fumeng and Shenzhen Huatian have unilateral termination right during our cooperation. See “Business – Our Suppliers.” As we do not hold AVP License or RTPPO License ourselves, if we fail to maintain our business relationship with Fumeng or Shenzhen Huatian, or if Fumeng or Shenzhen Huatian fails to maintain relevant licenses as required by the PRC laws to provide such services to us, or if we agree with Fumeng or Shenzhen Huatian to terminate our cooperation with them, we may not be able to continue providing engaging contents to acquire potential customers, or we may fail



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to continue providing satisfactory services to our existing customers, which could cause interruption to our business and operation. The AVP License services and RTPPO License services are widely available in the market, and we have reached out to other service providers for quotations and are able to locate qualified alternative service providers on comparable terms in the market. However, we cannot assure you that we will be able to engage suitable substitutes in a timely manner, in the unfortunate event that Fumeng or Shenzhen Huatian terminates its respective cooperation with us, or if Fumeng or Shenzhen Huatian loses relevant licenses. In such cases, we may have to suspend the provision of our offerings, or we may not be able to distribute contents through the traffic matrix to attract new customers, until we identify and engage a suitable service provider. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected. Additionally, we have obtained competent PRC authorities' confirmations regarding our cooperation with Fumeng and Huatian. See "Business – Our Suppliers" for further details. As advised by our PRC Legal Advisor, the risk of such cooperation being challenged by higher level regulatory authorities is remote. Nevertheless, the PRC government may ultimately take a view contrary to the opinion of our PRC Legal Advisor. In such event, we may be required to terminate the cooperation, which could cause disruption to our business and operations and adversely affect our financial conditions and results of operation. Furthermore, in the event that the relevant PRC laws or regulations do not allow cooperation with the service providers holding AVP or RRTOP license, we cannot assure you that we will be able to take any action in a timely manner to address the changes of the PRC laws and regulations, including but not limited to implementation of changes to our business model and acquisition of the relevant license. Failure to take timely and appropriate measures to cope with such change could cause disruption to our business and operations and adversely affect our financial conditions and results of operations.

We rely on a number of suppliers for certain key market information and data, technology, processing and supporting functions. Furthermore, content suppliers provide us with financial information, market news, charts, option and stock quotes and other fundamental data that we offer to our customers. These suppliers face regulatory, technical, operational and security risks of their own. Particularly, we have contracted with affiliates of stock exchanges and a few other institutions to allow our customers to access real-time market information data, which is essential for our customers to make their investment decisions and take actions. If the data provided by such information providers is inaccurate or incomplete, or if such information providers fail to update or deliver the data in a timely manner as provided in the agreements, our customers may suffer losses and our business operations and reputation can be materially and adversely affected.

We cannot assure you that our key suppliers will be able to continue to provide relevant services to meet our current needs in an efficient and cost-effective manner, or that they will be able to adequately expand their services to meet our needs in the future.

Further, disputes might arise out of or in connection with the agreements regarding our suppliers' performance of the obligations thereunder. To the extent that any supplier disagrees with us on the quality of the products or services, terms and conditions of the payment or other

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provisions of such agreements, we may face claims, disputes, litigations or other proceedings initiated by such suppliers against us. We may incur substantial expenses and require significant attention of management in defending against these claims, regardless of their merit. We could also face damages to our reputation as a result of such claims, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

**If we fail to protect the confidential information of ourselves and our customers, whether due to cyber-attacks, computer viruses, physical or electronic break-ins or other reasons, we may be subject to liabilities imposed by relevant laws and regulations, and our reputation and business may be materially and adversely affected.**

We collect, store and process certain data, including data of our own business, data of trade secrets, and personal and other sensitive data from our customers, which makes us a potentially vulnerable target to cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions. While we have taken steps to protect the confidential information that we have access to, our security measures could be breached. Because the techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may not be able to anticipate these techniques or implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our system could cause confidential user and client information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. We have not experienced any material cyber-security breaches or been subject to any material breaches of any of our cyber-security measures in the past. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with users and clients could be severely damaged, we could incur significant liability and our business and operations could be adversely affected.

**Compliance with the rapidly evolving landscape of data privacy and security laws may be challenging, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect the collection, use, storage, retention, transfer, disclosure, and other processing of personal data, could damage our reputation and deter current and potential users from using our services.**

We are subject to governmental regulation and other legal obligations related to the protection of personal data, privacy and information security in the regions where we do business, and there has been and may continue to be a significant increase in such laws.

The Cybersecurity Law, which became effective in June 2017, created China's first national-level data protection framework for "network operators," which may potentially include all organizations in China that provide services over the Internet or through other types of information network. Numerous regulations, guidelines and other measures have been and

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are expected to be adopted under the Cybersecurity Law. On December 28, 2021, the CAC, jointly with the other 12 governmental authorities, promulgated the MCR, which became effective on February 15, 2022. According to the MCR, the purchase of cyber products and services by a CIIO and the data processing activities by an online platform operator, to the extent that affects or may affect national security, will be subject to the cybersecurity review. Pursuant to Article 7 of the MCR, an online platform operator which possesses personal information of over one million users and intends to list in a foreign country (國外上市)” shall be subject to cybersecurity review. Additionally, the MCR also grants the member organization of the cybersecurity review mechanism the right to initiate cybersecurity review without application, if any of them has reason to believe that any internet products, services or data processing activities affect or may affect national security. For more details, see “Regulatory Overview – PRC Regulation Related to Internet Security and Privacy Protection.” As there are still substantial uncertainties as to when the Amended Cybersecurity Review Measures would become effective and to what extent we would be subject to the Amended Cybersecurity Review Measures. Any failure or delay in the completion of the cybersecurity review, or other non-compliance with the relevant cybersecurity laws and regulations, may result in administrative penalties, including fines, a shut-down of our business, suspension on the use of our mobile Apps, or removal of our mobile Apps from App stores, and revocation of requisite licenses, as well as reputational damage or legal proceedings or actions against us, which may have material adverse effects on our business, financial condition or results of operations.

In addition, the Personal Information Security Specification, or China Specification, came into force on October 1, 2020. Although the China Specification is not a mandatory regulation, it nonetheless has a key implementing role in relation to the PRC Cybersecurity Law in respect to protecting personal information in China. Furthermore, it is likely that the China Specification will be relied on by Chinese government agencies as a standard to determine whether business have abided by China’s data protection rules. Meanwhile, under the China Specification, the data controller must provide the purpose of collecting and using subject personal information, as well as the business functions of such purpose, and the China Specification requires the data controller to distinguish its core function from additional functions to ensure the data controller will only collect personal information as needed. Under the relevant legislation, data users are required to comply with various data protection principles in relation to the requirement collection of personal data, consent of data subjects, retention of personal data, use and disclosure of personal data, security of personal data, personal data policies and practices, and rights to access and correction of personal data.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law, which took effect on November 1, 2021, integrating the scattered rules with respect to personal information rights and privacy protection. Although we may be subject to requirements on protection of personal data, privacy and information security under laws and regulations, we cannot assure you that the measures we have taken or will take in the future will be effective or fully satisfy the relevant regulatory authorities’ requirements, and any failure or perceived failure by us to comply with such laws and regulations may result in governmental investigations, fines and/or other sanctions on us.

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Furthermore, the Data Security Law, which was promulgated by the SCNPC on June 10, 2021 and took effect in September 2021, provides for data security and privacy obligations on entities and individuals carrying out data activities. On November 14, 2021, the CAC also promulgated the Regulations on the Administration of Cyber Data Security (Draft for Comments) 《網絡數據安全管理條例(徵求意見稿)》 (the “**Draft Cyber Data Security Regulation**”) for public comments until December 13, 2021, which set out that data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out activities including (i) seeking to be listed in Hong Kong that affect or may affect national security and (ii) other data processing activities that affect or may affect national security. As of the Latest Practicable Date, the Draft Cyber Data Security Regulation has not taken effect, and it is uncertain as to the definition and interpretation of key terms in such regulations, the standard of review to be adopted and potential consequences. Especially, the Draft Cyber Data Security Regulation provides no further explanation or interpretation for “affect or may affect national security.” See “Regulatory Overview – PRC Regulation Related to Internet Security and Privacy Protection.” Complying with new laws and regulations could substantially increase the costs or require us to change our business practices in a manner materially adverse to our business. Additionally, to the extent we are found by the PRC regulators to be not in compliance with these laws and requirements, we may be subject to fines, regulatory orders to suspend our operations or other regulatory and disciplinary sanctions, and our mobile App may be removed from App stores and be ordered to stop taking on new users.

The relevant regulatory authorities in China continue to monitor the websites and Apps in relation to the protection of personal data, privacy and information security, and may impose additional requirements from time to time. The relevant regulatory authorities also release, from time to time, their monitoring results and require relevant enterprises listed in such notices to rectify their non-compliance. See “Regulatory Overview – PRC Regulations Relating to Mobile Internet Applications Information Services.” We have not been but may in the future be subject to the modification and rectification imposed by the relevant regulatory authorities, including those issued publicly. There are uncertainties as to the interpretation and application of laws in one jurisdiction which may be interpreted and applied in a manner inconsistent with another jurisdiction and may conflict with our current policies and practices or require changes to the features of our system. If we are unable to address any information protection concerns, any compromise of security that results unauthorized disclosure or transfer of personal data, or to comply with the then applicable laws and regulations, we may incur additional costs and liability and result in governmental enforcement actions, litigation, fines and penalties or adverse publicity and could cause our users and customers to lose trust in us, which could have a material adverse effect on our business, results of operations, financial condition and prospects. We may also be subject to new laws, regulations or standards or new interpretations of existing laws, regulations or standards, including those in the areas of data security and data privacy, which could require us to incur additional costs and restrict our business operations.

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**If there is any negative publicity with respect to us, our industry peers or our industries in general, our business and results of operations may be materially and adversely affected.**

Our reputation and brand recognition plays an important role in earning and maintaining the trust and confidence of our current or potential users and customers. Our reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Regulatory inquiries or investigations, lawsuits initiated by customers or other third parties, employee misconduct, perceptions of conflicts of interest and rumors, among other things, could substantially damage our reputation, even if they are baseless or satisfactorily addressed. In addition, any perception that the quality of our services may not be the same as or better than that of our competitors can also damage our reputation. Moreover, any negative media publicity about the investment advisory industry in general or product or service quality problems of other companies in the industry, including our competitors, may also negatively impact our reputation and brand. If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain users, customers, third-party partners and key employees could be harmed and, as a result, our business and revenues would be materially and adversely affected.

**AI technologies are constantly evolving. Failure to continuously improve our AI technologies, or flaws or misuse of the AI technologies, could have negative impact on our business.**

AI technologies are in the process of development and continue to evolve. We have adopted AI technologies in various scenarios, ranging from compliance system to data analytics, user profiling and content production. We also plan to develop new market review toolkits powered with AI technologies. However, emerging AI technologies, such as cutting-edge conversational AI with powerful analytical capabilities, may present challenges to the competitiveness of our offerings. Failure to incorporate such technologies into our own solutions could have a significant impact on our business operations and financial condition. See “– If we are unable to retain existing customers or attract new customers to purchase or renew our offerings, or if we fail to provide offerings to address the needs of our customers as they evolve, our business and results of operations may be materially and adversely affected.”

In addition, flaws or deficiencies in AI technologies could undermine the accuracy and thoroughness of the decisions and analysis made by the relevant products and solutions. For example, our AI algorithm and big data analytics may produce biased analysis, or assist in generating flawed or inaccurate recommendations, predictions or analytics. There can be no assurance that we will be able to detect and remedy such flaws or deficiencies in a timely manner, or at all. Any flaws or deficiencies in AI technologies and solutions, whether actual or perceived, could materially and adversely affect our business, reputation, results of operations and prospects.

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Similar to many disruptive innovations, AI technologies present risks and challenges, such as misuse by third parties for inappropriate purposes, for purposes breaching public confidence or even violating applicable laws and regulations in China. Despite our internal control measures implemented to prevent the misuse of our technologies and data, we cannot assure you that these measures will always be effective, or that our technologies will not be misused or applied in a way that is inconsistent with our intention or public expectation. Any inappropriate, abusive or premature usage of AI technologies, whether actual or perceived, whether intended or inadvertent and whether by us or by third parties, may dissuade prospective customers from adopting AI solutions, may impair the general acceptance of AI solutions by the society, may attract negative publicity and adversely impact our reputation and may even violate applicable laws and regulations in China and subject us to legal or administrative proceedings, pressures from activist shareholders and/or other organizations and heightened scrutiny by the regulators. Each of the foregoing events may in turn materially and adversely affect our business, financial condition and results of operations.

**We may be the subject of detrimental conduct by third parties, including complaints to regulatory agencies and the public dissemination of malicious assessments of our business, which could have a negative impact on our reputation and cause us to lose market share, customers and revenues, and adversely affect the price of our Shares.**

We have been, and in the future may be, the target of anti-competitive, harassing or other detrimental conduct by third parties. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies regarding our operations, accounting, business relationships, business prospects and business ethics. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Our reputation may also be materially negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose customers and revenues, and adversely affect the price of our Shares.

**We may not be able to obtain or maintain all necessary licenses, permits and approvals and to make all necessary registrations and filings for our activities in China.**

Number of PRC regulatory authorities, such as the CSRC, the SAMR, the Cyberspace Administration of China, the MIIT, the NRTA and the State Council Information Office, oversee different aspects of our business operations, and we are required to obtain a wide range of government approvals, licenses, permits and filings in connection with our operations.

As of the Latest Practicable Date, we have not been subject to any fines or other form of regulatory or administrative penalties or sanctions due to the lack of any approvals, licenses or permits or filings. However, we cannot guarantee that the regulatory authorities will not impose any penalties or sanctions on us in the future, which may include warnings, fines, mandates to

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remedy any violations, confiscation of the gains derived from the services for which approvals, licenses, permits or filings are required, and/or an order to cease to provide such services. In addition, we cannot guarantee that the regulatory authorities will not promulgate new laws and regulations that require additional licenses, permits, approvals and/or filings for the operation of any of our existing or future business. If we are unable to obtain such licenses, permits, approvals or filings in a timely fashion, we could be subject to penalties and operational disruption and our financial condition and results of operations could be adversely affected.

**We cannot assure you that we will not be subject to liability claims or legal or regulatory liability for any inappropriate, illegal content or information displayed on, retrieved from or linked to our platform, which could subject us to liabilities and cause damages to our reputation.**

The PRC government has adopted regulations governing internet access and distribution of information over the internet. Under these regulations, internet content providers and publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs public interest or the national dignity of China, contains terrorism, extremism, or content of force or brutality, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide internet content and other licenses, the closure of the concerned websites and criminal liabilities. In the past, failure to comply with these requirements has resulted in the closure of certain websites. Relevant website operators may also be held liable for the censored information displayed on or linked to the website.

In particular, MIIT has published regulations that subject website operators to potential liability for content displayed on their websites and the actions of users and others using their systems, including liability for violations of PRC laws and regulations prohibiting the dissemination of content deemed to be socially destabilizing. The Ministry of Public Security has the authority to order any local internet service provider to block any internet website at its sole discretion, or to stop the dissemination over the internet of information which it believes to be socially destabilizing. Furthermore, website operators are required to report any suspicious content to relevant governmental authorities, and to undergo computer security inspections. If it is found that we fail to implement the relevant safeguards against security breaches, our business may be shut down.

Also, according to the Administrative Provisions on Mobile Internet Applications Information Services (移動互聯網應用程序信息服務管理規定) which was promulgated by the Cyberspace Administration of China and became effective in August 2016, providers of mobile apps shall not create, copy, publish or distribute information and content through mobile Apps that is prohibited by laws and regulations. We are required to implement management systems of information security as well as establish and improve procedures on content examination and administration. We must adopt such measures like warning, restricted release, suspension of updates and closing of accounts, keeping relevant records, and reporting unlawful content to competent government authorities. We have implemented internal control procedures screening the information and content on our platform. However, there can be no assurance that

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all of the information or content displayed on, retrieved from or linked to our mobile Apps complies with the requirements of the provisions at all times. If our mobile Apps are found to violate the provisions, we may be subject to penalties, including warning, service suspension or removal of our mobile Apps from the relevant mobile App stores, which may materially and adversely affect our business and operating results.

Although we implement various monitoring procedures to identify and remove inappropriate or illegal content, we cannot assure you that there will be no such content or information included in our offerings. Also, contents or information disclosed during live broadcastings by our collaborated KOLs are not subject to the same level of scrutiny as other contents in our offerings. We may face civil, administrative or criminal liability or legal or regulatory sanctions, such as requiring us to restrict or discontinue our content products or services, if an individual or corporate, governmental or other entity believes that any of the content offerings violates any laws, regulations or governmental policies or infringes upon its legal rights. Moreover, any accusation of inappropriate or illegal content in our offerings could lead to significant negative publicity, which could harm our reputation, business, financial condition and results of operations.

In August 2021, CAC launched a new round of regulatory campaign on finance-related contents and finance-related self-media to mainly curtail the contents that are: (i) against PRC financial policies and national status, (ii) uncertified, misleading or distorting presentation of official news, (iii) inflammatory and inciting, and (iv) published by fraudulent self-media. With tighter regulations and policies in regard to the production of finance-related contents on internet platforms, we may need to invest more time and resources to monitoring our content production, which will have consequential effect on our content review process and the timeliness of the content displayed on our platform. The failure to comply with the tightening laws, regulations and governmental policies in a timely manner or at all may subject us to administrative penalties that may ultimately harm our business, financial condition and results of operation.

From February 2023, several regulatory authorities in Shanghai have jointly launched a special operation, which focused on (i) eliminating information, accounts and website platforms involved in illegal securities-related activities such as illegal stock recommendations, counterfeiting and impersonation of legitimate securities institutions or personnel; (ii) requiring Shanghai-based websites and financial self-media to strictly implement the requirement that securities business must be operated with a relevant license; and (iii) establishing a mechanism for license pre-verification and reporting of illegal content. While we mainly leverage various MCN channels to distribute interesting investment theoretical knowledge and financial markets views, we do not provide any investment advisory services through such channels to the public. However, if any of our employees, including but not limited to our certified lecturers and consultants, violate our internal policies by giving investment advice through MCN channels, or by offering investment advisory services on



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websites or APPs other than our offerings or if any content we publish through our MCN channels is identified by the regulators as illegal stock recommendations or other illegal securities-related activities, we may be subject to regulatory penalties and our reputation may be further adversely affected.

**If we are unable to conduct sales and marketing activities cost-effectively, our results of operations and financial condition may be materially and adversely affected.**

We rely on our sales and marketing efforts to increase customer subscriptions. Our sales and marketing expenses primarily include expenses incurred in relation to sales and marketing personnel and marketing spending. We incurred RMB130.8 million, RMB371.6 million, RMB855.9 million, RMB699.2 million and RMB809.9 million in sales and marketing expenses, representing 47.7%, 52.4%, 59.0%, 65.1% and 52.4% of our total revenues in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively.

Our sales and marketing activities may not be well received by the market and may not result in the levels of sales that we anticipate. We also may not be able to retain or engage a sufficient number of experienced sales and marketing personnel, or to train newly onboard sales and marketing personnel, which, we believe, is critical to implementing our sales and marketing strategies cost-effectively. Further, sales and marketing approaches and tools in the markets in which we operate are evolving rapidly. This requires us to continually enhance our sales and marketing approaches and experiments with new methods to keep pace with industry developments and customer preferences. Moreover, our sales and marketing activities may be deemed to violate evolving PRC policies, and we may be exposed to administrative penalties. If we are deemed guilty of significant infringements, we cannot assure that the relevant regulatory authorities will not order us to cease sales and marketing activities temporarily and our business license may be revoked. Failure to engage in sales and marketing activities in a compliant and cost-effective manner may reduce our market share, damage our brands and reputation, cause our revenue and gross billing to decline, negatively impact our profitability, and materially harm our business, financial condition and results of operations.

**We depend on our proprietary technology, and our future results may be impacted if we cannot maintain technological superiority in our industry.**

Our success in the past has largely been attributable to our sophisticated proprietary technology that has empowered the efficient operations of our business. We have benefited from the fact that the type of proprietary technology equivalent to which we employ has not been widely available to our competitors. If our technology becomes more widely available to our current or future competitors for any reason, our operating results may be adversely affected.

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**Unexpected internet interruptions, security breaches or computer virus attacks and failures in our information technology systems could have a material adverse effect on our business, financial condition and results of operations.**

Our information technology systems support all phases of our operations and are an essential part of our technology infrastructure. If our systems fail to perform, we could experience disruptions in operations, longer response time or decreased customer satisfaction. We must process, record and monitor a large number of transactions and our operations are highly dependent on the integrity of our technology systems and our ability to make timely enhancements and increasements to our systems. System interruptions, errors or downtime can result from a variety of causes, including unexpected interruptions to the internet infrastructure, technological failures, changes to our systems, erroneous or corrupted data, changes in customer usage patterns, linkages with third-party systems and power failures. Our systems are also vulnerable to disruptions from human error, execution errors, errors in models such as those used for risk management and compliance, employee misconduct, external fraud, computer viruses, distributed denial of service attacks, computer viruses or cyber-attacks, terrorist attacks, natural disaster, power outage, capacity constraints, software flaws, events impacting our key business partners and suppliers, and other similar events.

Our internet-based business depends on the performance and reliability of the internet infrastructure. We cannot assure you that the internet infrastructure we depend on will remain sufficiently reliable for our needs. Any failure to maintain the performance, reliability, security or availability of our network infrastructure may cause significant damage to our ability to attract and retain users and customers. Major risks involving our network infrastructure include:

- breakdowns or system failures resulting in a prolonged shutdown of our servers;
- disruption or failure in the national backbone networks in China, which would make it impossible for users and customers to access our online and mobile platforms;
- physical or cyber based attacks on our servers and other network infrastructure, which may result in disruptions to our network and damages to our technology infrastructure;
- damage from natural disasters or other catastrophic events such as typhoon, volcanic eruption, earthquake, flood, telecommunications failure, or other similar events; and
- any infection by or spread of computer viruses or other system failures.

In addition, any network interruptions or inadequacy on the part of our third-party partners may result in disruptions to the services we provide to our users and customers. Such disruptions and other interruptions in the availability of our services could reduce user and customer satisfaction and result in outflow of our user and customers. Furthermore, increases in the volume of traffic on our online and mobile platforms could strain the capacity of our

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existing computer systems and bandwidth, which could lead to slower response times or system failures. This could cause a disruption or suspension in the delivery of our offerings, which could hurt our brand and reputation. We may need to incur additional costs to upgrade our technology infrastructure and computer systems in order to accommodate increased demand if we anticipate that our systems cannot handle higher volumes of traffic and transaction in the future. In addition, it could take an extended period of time to restore full functionality to our technology or other operating systems in the event of an unforeseen occurrence, which could affect our ability to process and settle customer transactions. Despite our efforts to identify areas of risk, oversee operational areas involving risks, and implement policies and procedures designed to manage these risks, there can be no assurance that we will not suffer unexpected losses, reputational damage or regulatory actions due to technology or other operational failures or errors, including those of our suppliers or other third parties.

**If major mobile App distribution channels change their standard terms and conditions in a manner that is detrimental to us, or terminate their existing relationship with us, our business, financial condition and results of operations may be materially and adversely affected.**

We currently rely on Apple's App store and major PRC-based Android App stores to distribute our mobile Apps to users. As such, the promotion, distribution and operation of our Apps are subject to such distribution platforms' standard terms and policies for Apps developers, which are subject to the interpretation of, and frequent changes by, these distribution channels. If these third-party distribution platforms change their terms and conditions in a manner that is detrimental to us, or refuse to distribute our Apps, or if any other major distribution channel with which we would like to seek collaboration refuses to collaborate with us in the future, our business, financial condition and results of operations may be materially and adversely affected.

**We may not succeed in promoting and sustaining our brand, which could have an adverse effect on our future growth and business.**

A critical component of our future growth is our ability to promote and sustain our brand. Promoting and positioning our brand and platform will depend largely on the success of our marketing efforts, our ability to attract customers cost-efficiently and our ability to consistently provide high-quality services and a superior experience. We have incurred and will continue to incur significant expenses related to advertising and other marketing efforts, which may not be effective and may adversely affect our net margins.

In addition, to provide a high-quality customer experience, we have invested and will continue to invest substantial amounts of resources in the development and functionality of our Apps, website, technology infrastructure and customer service operations. Our ability to provide a high-quality customer experience is also highly dependent on external factors over which we may have little or no control, including, without limitation, the reliability and performance of software vendors and business partners. Failure to provide our customers with

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high quality services and experience for any reason could substantially harm our reputation and adversely impact our efforts to develop a trusted brand, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

**Fraudulent or illegal activities on our Apps or website or associated by our customers and suppliers may engage in intentional or negligent misconduct or other improper activities or misuse of our Apps or website, which could adversely affect our operations.**

We have implemented stringent internal control policies and other anti-fraud rules and mechanisms on our Apps and website. Nevertheless, we are exposed to the risk of fraud or other misconducts committed both on our Apps or website and associated with our customers and suppliers. Our resources, technologies and fraud detection tools may be insufficient to accurately detect and prevent fraudulent or illegal activities. Any misbehavior of or violation by our customers of applicable laws and regulations could lead to regulatory inquiries and investigations that involve us, which may affect our business operation and prospects. High-profile fraudulent or illegal activities could also lead to regulatory intervention, and may divert our management's attention and cause us to incur additional regulatory and litigation expenses and costs.

Fraud or other misconducts by our customers, employees or third parties may also involve engaging in unauthorized misrepresentation to our potential customers and misappropriating third-party intellectual property and other proprietary rights during marketing activities, misusing sensitive personal information of our customers, and engaging in bribery or other unlawful payments, any of which could result in customer complaints, regulatory and legal liabilities, as well as serious harm to our brand and reputation.

Further, our offerings undergo multiple rounds of internal review before being broadly released. While we proactively monitor our live courses and other content and communications, with limited control over the real-time and offline behavior of our customers and employees, to the extent any improper behavior is associated with our content and services, our ability to protect our reputation may be limited. If any of our customers or employees suffer or allege to have suffered harm following contact initiated through our services, we may face civil lawsuits or other liabilities. In response to allegations of illegal or inappropriate activities, PRC government authorities may intervene and hold us liable for non-compliance with PRC laws and regulations concerning the dissemination of information on the internet and subject us to administrative penalties or other sanctions, such as requiring us to restrict or discontinue our content or services.

Although we have not experienced any material business or reputational harm as a result of fraudulent or illegal activities in the past, we cannot rule out the possibility that any of the foregoing may occur causing harm to our business or reputation in the future. If any of the foregoing were to occur, our results of operations and financial conditions could be materially and adversely affected.

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**Our Apps and internal systems rely on third-party infrastructure, systems and software that are highly technical, and if they contain undetected errors or suffer from unpredicted failure, our business could be adversely affected.**

We rely on third parties to provide and maintain certain infrastructure that is critical to our business. If such services become limited, restricted, curtailed or less effective or more expensive in any way or become unavailable to us for any reason, our business may be materially and adversely affected. The infrastructure of our third-party service providers may malfunction or fail due to events out of our control, which could disrupt our operations and have a material adverse effect on our business, financial condition, results of operations and cash flows.

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

We also rely on certain third-party computer systems, software and service providers, including internet service providers, communications facilities and other facilities. Any interruption in these third-party systems, software and services, deterioration in their performance, or other improper operation could cause losses due to erroneous or delayed responses, or otherwise be disruptive to our business. Any failure to maintain and renew our relationships with these third parties on commercially favorable terms, or to enter into similar relationships in the future, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

**Employee misconduct could expose us to significant legal liability and reputational harm.**

We operate in an industry in which integrity and the confidence of our customers are of critical importance. During our daily operations, we are subject to the risks of errors and misconduct by our employees, including our certified lecturers, one-on-one consultants and sales staff, which include:

- engaging in improper representations, false advertising, promises of investment returns, fraudulent activities or other severe misconduct when marketing or performing services to users and customers;

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- improperly advising customers to make subscriptions or select courses, as our employees may be remunerated based on their performance and number of subscribers and thus incentivized to boost their performance;
- improperly using or disclosing confidential information of our customers or other parties;
- concealing unauthorized or unsuccessful activities;
- providing investment advisory services or other investment advice to investors, without obtaining qualification as required by laws, regulations or our internal rules, or in a manner inconsistent to the requirements of laws, regulations or our internal rule; or
- otherwise not complying with applicable laws and regulations or our internal policies or procedures.

If any of our employees engages in illegal or suspicious activities or other misconduct, we could be punished by enforcement agencies, be suit in courts or arbitral tribunals, or suffer serious harm to our reputation, financial condition, customer relationships and ability to attract new customers and even be subject to regulatory sanctions and significant legal liability. If any sanction was imposed against an employee during his employment with us, even for matters unrelated to us, and his ability to perform certain regulated functions at his current employment with us was temporary impaired due to the sanction, we may also be subject to negative publicity from the sanction that would adversely affect our brand, public image and reputation, as well as potential challenges, suspicions, investigations or alleged claims against us. It is not always possible to deter misconduct by our employees or senior management during the ongoing operations of our business or uncover any misconduct occurred in their past employment, and the precautions we take to detect and prevent any misconduct may not always be effective. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our reputation and our business.

**A sustained outbreak of the COVID-19 pandemic could have a material adverse impact on our business, operating results and financial condition.**

There has been a sustained outbreak of the COVID-19 pandemic in China and globally. Since 2020, governments in China and around the globe have taken measures to contain the spread of COVID-19. For example, in early 2020, in response to intensifying efforts to contain the spread of COVID-19, the Chinese government took a number of actions, which included extending the Chinese New Year holiday, quarantining individuals infected with or suspected of having COVID-19, prohibiting residents from free travel, encouraging employees of enterprises to work remotely from home and canceling public activities, among others. The COVID-19 has also resulted in temporary closure of many corporate offices across China. In addition, as the outbreak continues to threaten global economies, it may continue to cause significant market volatility and decline in general economic activities.

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Since late July 2021, the Delta variant of COVID-19 has recurred in several provinces across China. In response, local governments in the affected areas, such as Shanghai, Shenzhen, Beijing and Jilin province, imposed various restrictions on business and social activities, including restrictions on travel and other emergency quarantine measures, as well as partial lockdowns. The recurrence of COVID-19 and the restriction measures taken by the government may result in unsatisfying performance of financial markets and affect investors' willingness for investment in the short term, which in turn may cause a temporary decrease in the demand for our investment decision-making solutions. Since December 2022, the PRC government has started to relax some of its restrictive measures nationwide. Many regions are experiencing a temporary surge in infection cases. In the month ended December 31, 2022, 1,632 of our employees have informed us that they were infected, representing 68.7% of our total employees as of December 31, 2022. However, the surge in COVID-19 infections since December 2022 has not materially impacted our business operations and financial performance as the majority of our infected employees recovered and returned to office within approximately one week of infection. Our total gross billing in 2022 remained relatively stable compared to the same in 2021 and our revenue is expected to continually increase in 2022 compared to the same in 2021.

Any potential impact on our business will depend on, to a large extent, future developments and new information that may emerge regarding the duration and severity of the COVID-19 and the actions taken by government authorities and other entities to contain the COVID-19 or treat its impact, almost all of which are beyond our control. There is great uncertainty as to the future progress of the disease globally. Given the general slowdown in global economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic on the industries in which we operate, we cannot assure that we can launch new offerings in time or that we can maintain the growth rate we have experienced. Because of the uncertainty surrounding the COVID-19 pandemic, the financial impact related to the pandemic and response to the coronavirus cannot be accurately estimated at this time, and we cannot assure you that our financial condition and operating results will not be adversely affected.

**We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations and adversely affect our business, financial condition or results of operation.**

In addition to the impact of COVID-19, our business could be adversely affected by the effects of Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Our business operations could be disrupted if any of our employees is suspected of having Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, SARS, or other epidemics, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that any of these epidemics harms the Chinese and global economy in general.

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We are also vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide products and services through our Apps or website.

In addition, our results of operations could be adversely affected to the extent that any health epidemic, natural disaster or other calamities harms the Chinese and global economies in general. Our headquarters are located in Shanghai, where all of our management and employees currently reside. Most of our system hardware and back-up systems are hosted in facilities located in Shanghai. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Shanghai, our operations may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

**Our success depends on the continuing service of our key employees, including our senior management members and other talent, who are highly sought after in the market. If we fail to hire, retain and motivate our key employees, our business may suffer.**

Our success depends on the continuing service of our key employees, especially our professional technical employees. During the Tracking Record Period, the research and development employees took a proportion of more than 21% of our total employees. Our key executives have substantial experience and have made significant contributions to our business, and our continued success is dependent upon the retention of our key management executives, as well as the services provided by our staff, technology and programming specialists, certified lecturers and a number of other key managerial, marketing, planning, financial, technical and operations personnel. The loss of such employees could have a material adverse effect on our business. For example, the loss of key personnel in some projects under study may influence its progress, as we cannot assure to find appropriate candidates in time to replace the key personnel.

Competition for well-qualified employees in all aspects of our business, including certified lecturers, software engineers and other technology professionals, is intense globally. Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate existing employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees and key senior management, our business, results of operations, financial condition and prospects may be adversely affected.



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

During the Track Record Period, we received various government grants from local government authorities, primarily including VAT refund and some other government grants, amounting to RMB1.6 million, RMB54.1 million, RMB147.4 million, RMB106.6 million and RMB98.1 million in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. During the Track Record Period, we also received certain preferential tax treatment. For example, Shanghai Jiufangyun was granted the “Eligible high-tech enterprise” status in November 2021 and therefore was entitled to a preferential income tax rate of 15% for the years ended December 31, 2021, 2022 and 2023. The discontinuation, reduction or delay of these government grants or preferential tax treatment could adversely affect our business, financial condition, results of operations and prospects. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, financial condition, results of operations and prospects.

**Any failure to protect our intellectual property could harm our business and competitive position.**

We believe that trademarks, trade secrets, patents, copyright and other intellectual property we use are critical to our business. We rely on a combination of trademark, patent, copyright and trade secret protection laws in China, as well as confidentiality procedures and contractual provisions to protect our intellectual property and our brand. Intellectual property rights and confidentiality protections in China may not be as effective as those in other countries for many reasons, including lack of procedural rules for discovery and evidence, and low damage awards. Implementation and enforcement of China intellectual property laws have historically been deficient and ineffective. As a result, we may not be able to adequately protect our intellectual property rights, which could adversely affect our revenues and competitive position. Because of the rapid pace of technological change, nor can we assure you that all of our proprietary technologies and similar intellectual property will be patented in a timely or cost-effective manner, or at all. Furthermore, parts of our business rely on technologies developed or licensed by other parties, or co-developed with other parties, and we may not be able to obtain or continue to obtain licenses and technologies from these other parties on reasonable terms, or at all.

In addition, while we typically require our employees who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. In addition, such agreements may be breached. Accordingly, we may be forced to bring claims against third parties, or defend claims that they may bring against us related to the ownership of such intellectual property.

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Furthermore, policing unauthorized use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend intellectual property or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such litigation and an adverse determination in any such litigation could result in substantial costs and diversion of resources and management attention. The experience and capabilities of PRC courts in handling intellectual property litigation varies and outcomes are unpredictable.

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

Content sourced from third parties is frequently posted on our Apps or website by our employees and users and customers. Although we follow standardized content management and review practices to monitor the content uploaded to our Apps or website, we may not be able to identify all content that may infringe on third-party rights. We cannot be certain that information posted on our Apps or website and other aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights held by other parties. We may be, from time to time in the future, subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other parties' trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights that are infringed by our Apps or website or services or other aspects of our business without our knowledge. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us. If any infringement claims are brought against us, we may be forced to divert the management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

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

We are subject to lawsuits and other claims in the ordinary course of our business. Our business operations entail substantial litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to information disclosure, customer onboarding, sales practices, product design, fraud and misconduct, and control procedures deficiencies, as well as the protection of personal and confidential information of our customers. We may be subject to arbitration claims and lawsuits in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by regulatory and other governmental agencies. See “– We are subject to extensive and evolving regulatory requirements in the industries we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses, and consequently may materially and adversely affect our business, financial condition, operations and prospects.” Actions brought against us may result in settlements, injunctions, fines, penalties, suspension or revocation of licenses, reprimands or

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other results adverse to us that could harm our reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. In market downturns, the number of legal claims and the amount of damages sought in legal proceedings may increase.

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

**Our risk management policies and procedures may not be fully effective in identifying or mitigating risk exposure in all market environments or against all types of risks.**

We have devoted significant resources to developing our risk management policies and procedures and will continue to do so. Nonetheless, our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks. Many of our risk management policies are based upon observed historical market behavior or statistics based on historical models. During periods of market volatility or due to unforeseen events, the historically derived correlations upon which these methods are based may not be valid. As a result, these methods may not predict future exposures accurately, which could be significantly greater than what our models indicate. This could cause us to incur losses or cause our risk management strategies to be ineffective. Other risk management methods depend upon the evaluation of information regarding markets, business partner, customers, catastrophe occurrence or other matters that are publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated.

**We were not strictly in compliance with social insurance and housing provident fund regulations.**

During the Track Record Period and up to the Latest Practicable Date, we did not pay social insurance contributions based on average salaries received by each individual employee last year for certain employees. During the period from 2019 to June 2021, we did not pay housing provident fund contributions based on average salaries received by each individual employee last year for certain employees. We made provision for the relevant social insurance

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and housing provident fund contributions during the Track Record Period. For details of the provision we made in relation to social insurance and housing provident fund contributions, please see “Financial Information – Accrued expenses and other current liabilities”. As of the Latest Practicable Date, no administrative action, fine or penalty had been imposed against us by relevant authorities with respect to our under-contribution to employees’ social insurance or provident housing fund, nor have we received any order to make up for the relevant amount. As advised by our PRC Legal Advisor, if the competent authority is of the view that our contributions to employees’ social insurance or housing provident fund do not comply with the requirements under the relevant PRC laws and regulations, (i) with respect to the social insurance, we may be ordered by the competent authority to pay the relevant amount and may be required to pay a late payment fee of up to 0.05% of our relevant social insurance contribution for each day of delay; if we still fail to pay the relevant amount, we may be imposed fines in an aggregate amount ranging from one to three times of the relevant social insurance contribution; and (ii) with respect to the housing provident funds, the relevant authorities may order us to pay the outstanding amounts within the prescribed time period, and they may apply to a competent court for enforcement of the outstanding amounts if we fail to do so. See “Business – Employees.”

**We have a limited operating history and our historical growth may not be indicative of our future growth.**

We have a limited operating history in the industry we operate as we launched our online investor content services in 2018 and experienced significant growth since then. We started offering our online financial literacy education services in December 2020, and in 2021, we developed and launched our financial information software services. We may continue to introduce new offerings, make adjustments to our existing offerings, or change our business operations in general. Any significant change to our business model that does not achieve expected results may have a material and adverse impact on our financial condition and results of operations. It is difficult to effectively assess our future prospects.

You should consider our business and prospects in light of the risks and challenges we encounter or may encounter given the rapidly evolving market in which we operate and our limited operating history. These risks and challenges include our ability to, among other things:

- manage our future growth;
- navigate a complex and evolving regulatory environment;
- offer competitive online investor content services and online financial information software services;
- increase the utilization of our services by existing and new users;
- maintain and enhance our relationships with our business partners;

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- enhance our technology infrastructure to support the growth of our business and maintain the security of our system and the confidentiality of the information provided and utilized across our system;
- improve our operational efficiency;
- attract, retain and motivate talented employees to support our business growth;
- navigate economic conditions and market fluctuations; and
- defend ourselves against legal and regulatory actions, such as actions involving intellectual property or privacy claims.

We have experienced rapid growth in our business and operations since our inception. Our revenue increased significantly from RMB274.2 million in 2019 to RMB708.7 million in 2020, and further increased to RMB1,451.9 million in 2021, and increased from RMB1,074.3 million for the ten months ended October 31, 2021 to RMB1,546.1 million for the ten months ended October 31, 2022. However, our historical growth rates may not be indicative of our future growth, and we cannot assure you that we will be able to maintain similar growth rates in the future. If our growth rate declines, investors' perceptions of our business and business prospects may be adversely affected and the market price of our Shares could decline. You should consider our prospects in light of the risks and uncertainties that fast-growing companies with limited operating histories in a quickly-evolving industry may encounter.

We may not be able to manage our expansion effectively. Continuous expansion may increase the complexity of our business and place a strain on our management, operations, technical systems, financial resources and internal control functions. Our current and planned personnel, systems, resources and controls may not be adequate to support and effectively manage our future operations. We upgrade our systems from time to time to cater to the need of launching new services and executing increasing trading volume, and the process of upgrading our current systems may disrupt our ability to timely and accurately process information, which could adversely affect our results of operations and cause harm to our business.

Our entrepreneurial and collaborative culture is important to us, and we believe it has been a major contributor to our success. We may have difficulties maintaining our culture to meet the needs of our future and evolving operations as we continue to grow. In addition, our ability to maintain our culture as a public company, with changes in policies, practices, corporate governance and management requirements, may be challenging. Failure to maintain our culture could have a material adverse effect on our business.

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**We may incur losses from our financial assets at fair value through profit or loss, which may have an adverse impact on our results of operations.**

Our financial assets at fair value through profit or loss were RMB127.4 million, RMB398.4 million, RMB801.4 million and RMB810.4 million as of December 31, 2019, 2020, 2021 and October 31, 2022, respectively. Our financial assets at fair value through profit or loss mainly consist of (i) funds with underlying assets being listed equity securities; (ii) wealth management products; (iii) listed equity securities; (iv) asset management plan; and (v) structural deposits. For the year ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, we had net realized and unrealized gain from financial assets at fair value through profit or loss of RMB5.0 million, RMB13.9 million, RMB22.4 million, RMB19.4 million and RMB18.8 million, respectively. See Note 5 to the Accountants' Report in Appendix I to this prospectus. As a result, we are subject to equity price risk, and there is no guarantee that we will not record losses from financial assets at fair value through profit or loss. If we recorded losses in relation to such financial assets held by us, our financial conditions and results of operations will be adversely affected.

**We are uncertain about the recoverability of our deferred tax assets, which may adversely affect our financial condition in the future.**

We are required to make judgments, estimates and assumptions about the carrying amounts of our deferred tax assets. As of December 31, 2019, 2020, 2021 and October 31, 2022, we had deferred tax assets of RMB37.0 million, RMB89.2 million, RMB107.4 million and RMB69.6 million, respectively. For details of the movements of our deferred tax assets during the Track Record Period, please refer to Note 21(b) of the Accountants' Report set out in Appendix I to this prospectus. Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and tax losses. This requires significant judgment on the tax treatments of certain transactions and also an assessment on the probability, timing and adequacy of future taxable profits available for the deferred tax to be recovered. The estimates and associated assumptions are based on historical experience and other relevant factors. As a result, actual results may differ from these accounting estimates. The realization of deferred income tax assets depends primarily on our estimate of whether sufficient future profits will be available. If sufficient future taxable profits are not expected to be generated or if taxable profits are lower than expected, we may fail to recover our deferred tax assets, which may have a material adverse effect on our financial condition in the future.

**We may not be able to fulfill our obligation in respect of contract liabilities.**

Our contract liabilities represent our obligations to provide the services to customers. Our contract liabilities comprise unrecognized portions of the revenue from our online high-end investor education services, financial information software services and online financial literacy education services that span the accounting periods. As of December 31, 2019, 2020, 2021 and October 31, 2022, we had contract liabilities of RMB124.8 million, RMB344.6 million and RMB665.0 million and RMB456.4 million, respectively. There is no assurance that

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we will be able to fulfill our obligations in respect of contract liabilities. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to return the advance payment made by our customers. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

**Share-based compensation expenses may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.**

We adopted share incentive plans for the benefit of our directors, officers and employees as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to our success. In 2019, 2020, 2021 and for the ten months ended October 31, 2021 and 2022, we incurred share-based compensation expenses of RMB5.2 million, RMB0.1 million, nil, nil and nil, respectively. To further incentivize our employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

**We may be exposed to impairment loss risks associated with our prepayments and other receivables.**

Our prepayments and other receivables were RMB18.3 million, RMB75.0 million and RMB157.0 million and RMB108.1 million as of December 31, 2019, 2020, 2021 and October 31, 2022, respectively. Our prepayments primarily comprise (i) deposits for housing rental and property management fee; and (ii) prepayment to technology and advertising suppliers. As of December 31, 2019, 2020, 2021 and October 31, 2022, the balance of our prepayment to suppliers was RMB11.9 million, RMB9.3 million and RMB28.9 million and RMB44.9 million, respectively. There is no guarantee that the suppliers and service providers will perform their obligations in a timely manner. If our suppliers fail to provide services to us in a timely manner or at all, we may be exposed to prepayment default and impairment loss risk in relation to the prepayments, which may in turn materially and adversely affect our business and financial position. While we did not experience any material impairment loss during the Track Record Period, we cannot assure you that we will not incur any material impairment losses in the future.

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

The titles to certain of our leased properties are defective for various reasons. As of the Latest Practicable Date, we had a total of fifteen leased properties in China, of which nine leased properties are subject to mortgages. As of the Latest Practicable Date, all of our leased properties have not yet been registered with the local housing authority in accordance with the PRC laws and regulations. See “Business – Properties.”

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In case of failure to register or file a lease, the parties to the unregistered lease may be ordered to make rectifications (which would involve registering such leases with the relevant authority) before being subject to penalties ranging from RMB1,000 to RMB10,000 per agreement due to the failure to register. The estimated total penalty for our failure to register the fifteen lease agreements is approximately RMB15,000 to RMB150,000.

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

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

We may evaluate and consider strategic investments, combinations, acquisitions or alliances to further increase our value and better serve our users and customers. These transactions could be material to our financial condition and results of operations if consummated. As of the Latest Practicable Date, save for the acquisition disclosed in this prospectus, we had not identified any specific acquisitions, and may not be able to identify appropriate targets or materialize our acquisition plans as many of our peers are concurrently looking for similar acquisition targets to improve their competitiveness. We may not have the financial resources necessary to consummate any acquisitions in the future or the ability to obtain the necessary funds on satisfactory terms. Any future acquisitions may result in significant transaction expenses and risks associated with entering new markets in addition to integration and consolidation risks. Because acquisitions historically have not been a core part of our growth strategy, we have no material experience in successfully facilitating acquisitions. We may not have sufficient management experience, financial and other resources to integrate any such future acquisitions or to successfully operate new business, and we may be unable to profitably operate our expanded business.

**Our insurance coverage may be inadequate to cover risks related to our business and operation.**

We currently carry limited insurance in connection with our business. However, we do not carry business interruption insurance to compensate for losses that could occur to the extent not required. We also do not maintain key-man insurance. We consider our insurance coverage to be reasonable in light of the nature of our business, but we cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.



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**We may not be able to obtain additional capital when desired, on favorable terms or at all. Furthermore, our future capital needs may require us to issue additional equity or debt securities that may dilute our shareholders or introduce covenants that may restrict our operations or our ability to pay dividends.**

We anticipate that the net proceeds we received from the Offerings, together with our current cash, cash provided by operating activities and funds available through our bank loans and credit facilities, will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. To grow our business and remain competitive, we may require additional capital from time to time. Our ability to obtain additional capital is subject to a variety of uncertainties, including (i) our market position and competitiveness; (ii) our future profitability, overall financial condition, results of operations and cash flows; (iii) general market conditions for capital raising activities; and (iv) economic, political and other conditions in China. Due to the unpredictable nature of the capital markets and our industry, we cannot assure you that we will be able to raise additional capital on terms favorable to us, or at all, if and when required, especially if we experience disappointing operating results. If adequate capital is not available to us as required, our ability to fund our operations, develop or enhance our infrastructure or respond to opportunities and competitive pressures could be significantly limited, which would adversely affect our business, financial condition and results of operations. If we fail to comply to certain requirements set out by the CSRC, the CSRC may take actions against us and our business will be adversely affected. If we raise additional funds through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted. These newly issued securities may have rights, preferences or privileges senior to those of existing shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders.

### **RISKS RELATING TO DOING BUSINESS IN CHINA**

**Changes in China's economic, political or social conditions or government policies could have a material and adverse effect on our business and results of operations.**

All of our operations are conducted in China. Accordingly, our results of operations, financial condition and prospects are influenced by economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The PRC government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. While the PRC economy has experienced significant growth over the past decades, the growth rate of the Chinese economy has gradually slowed, and China has undergone the impact of COVID-19 pandemic on the Chinese economy in 2020 and 2021 and such impact may continue to be felt in many industries. Any prolonged slowdown in the Chinese economy

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may reduce our customers' demand for our products and services and materially and adversely affect our business and results of operations. Furthermore, any adverse changes in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and results of operations, lead to reduction in demand for our products and services and adversely affect our competitive position.

**The PRC legal system is evolving, and has potential uncertainties that could limit the legal protections available to us and adversely impact our business.**

As the legislation in China and the PRC legal system has continued to evolve rapidly over the past decades and, for example, the PRC government has made significant progress in promulgating laws and regulations related to economic affairs and matters, such laws and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, recently-enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. As many of these laws, rules and regulations are relatively new, and because of the limited volume of published court decisions, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection available to you and us.

In particular, there exist substantial uncertainties surrounding the evolution, interpretation and enforcement of regulatory requirements of cybersecurity, data security, privacy protection as well as anti-monopoly, and we may need to take certain corresponding measures to maintain our regulatory compliance, such as adjusting the relevant business or transactions and introducing compliance experts and talents, which may incur additional related costs and negatively impact our business. Furthermore, the legal protection available to us and our investors under these laws, rules and regulations may be limited as there are uncertainties involved in their implementation and interpretation, and it may be difficult to evaluate the outcome of administrative and court proceedings. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

**We may need to complete the filing with the CSRC as required for refinancing and subject to additional regulatory requirements if certain new regulations in relation to overseas listing are implemented in China.**

On February 17, 2023, the CSRC published the new regulations for the filing-based administration of overseas securities offering and listing by domestic companies, which will come into effect on March 31, 2023. The newly released set of regulations consists of 6 documents, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Overseas Listing Measures**”) and 5 supporting guidelines, along with the Notice of the

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Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) (the “**Filing Arrangements Notice**”). The Trial Overseas Listing Measures require, among others, that PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted. However, as of the Latest Practicable Date, as a stock enterprise (存量企業), we are not required to perform the relevant filing procedures for our proposed listing in Hong Kong. See “Regulatory Overview – PRC Regulations Related to Overseas Listing” for more details.

As there are still uncertainties regarding the interpretation and implementation of such regulatory guidance, we cannot assure you that we will always be categorised as a stock enterprise (存量企業) by the CSRC and be able to comply with new regulatory requirements relating to our future overseas capital-raising activities. We may become subject to more stringent requirements with respect to matters including cross-border investigation and enforcement of legal claims. Notwithstanding the foregoing, as of the Latest Practicable Date, the Trial Overseas Listing Measures have not yet come into force and we are not aware of the Trial Overseas Listing Measures of any other PRC laws or regulations currently in effect requiring that we obtain permission from any PRC government authority for our proposed listing in Hong Kong.

**We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.**

We are a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also “– If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences for us and our non-PRC shareholders” below.

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### **Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.**

The value of Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. In July 2005, the PRC government changed its decades-old policy of pegging the value of Renminbi to the U.S. dollar, and Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to complete filings with and obtain approvals from SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

### **PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our offshore offerings to make loans to or make additional capital contributions to the WFOE or our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.**

Under PRC laws and regulations, we are permitted to utilize the proceeds from this Global Offering to fund our PRC subsidiaries by providing loans to or additional capital contributions to our PRC subsidiaries, subject to applicable government registration and approval requirements. These PRC laws and regulations may significantly limit our ability to use Renminbi converted from the net proceeds of this Global Offering to fund the establishment of new entities in China by our PRC subsidiaries, or to invest in or acquire any other PRC companies through our PRC subsidiaries. According to the relevant PRC regulations on foreign-invested enterprises in the PRC, capital contributions to our PRC subsidiaries are

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subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, and registration with other governmental authorities in the PRC. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local counterparts; and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in the Foreign Investment Comprehensive Management Information System. Any medium or long-term loan to be provided by us to our subsidiaries must be recorded and registered by the NDRC and SAFE or its local counterparts. Moreover, we cannot assure you that we will be able to complete the necessary registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received or expect to receive from our offshore offerings and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (“**Circular 19**”), which took effect on June 1, 2015 and was amended on December 30, 2019. Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using RMB funds converted from their foreign exchange capital for expenditures beyond the scope of their business. On June 9, 2016, the SAFE promulgated the Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange (“**Circular 16**”). Circular 16 prohibits foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond the scope of their business, investment and financing (except for securities investment or non-guaranteed bank products), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use. Circular 19 and Circular 16 may significantly limit our ability to transfer to and use the loans or investment in the PRC, which may materially and adversely affect our business, financial condition and results of operations.

**Governmental control of currency conversion may limit our ability to utilize our revenue effectively and affect the value of your investment.**

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

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Since 2016, the PRC government has tightened its foreign exchange policies again and stepped up scrutiny of major outbound capital movement. More restrictions and a substantial vetting process have been put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may also restrict access in the future to foreign currencies for current account transactions, at its discretion. We receive substantially all of our revenue in RMB. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demand, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our Shares.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (國家外匯管理局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) (“**Circular 37**”). Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals with a habitual residence in China due to economic interests) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of offshore special purpose vehicles, such as change of the offshore special purpose vehicle's name and operation term, or any significant changes with respect to the PRC individual shareholder, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions.

If any shareholders who are PRC residents fail to make the required registration or to update the previously filed registration, the relevant PRC subsidiaries may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contributions into our PRC subsidiaries. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) (“**Notice 13**”), effective June 2015, and further amended by SAFE on December 30, 2019. Under Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

Though we are not aware of any shareholders who are PRC residents that are subject to Circular 37, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or continuously comply with all requirements under Circular 37 or other related rules. The failure

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or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

**The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.**

The M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the foreign investor should submit a declaration to the MOFCOM in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise and involves any of the following circumstances: (i) any important industry is concerned; (ii) such transaction involves factors that impact or may impact national economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. We do not expect that any of our further merger and acquisition will trigger the requirement to submit such declaration to MOFCOM under each of the above-mentioned circumstances or any review by other PRC government authorities. Moreover, the Anti-Monopoly Law (中華人民共和國反壟斷法) promulgated by the Standing Committee of the NPC which became effective in 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must clear the anti-trust filing before they can be completed. In addition, Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部公告2011年第53號-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》), effective in September 2011, requires acquisitions by foreign investors of PRC companies engaged in certain industries that are crucial to national security be subject to security review before consummation of any such acquisition. We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from MOFCOM and other governmental authorities, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

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**Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.**

Under SAFE regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. See “Regulatory Overview – PRC Regulations relating to Stock Incentive Plans”. We and our PRC resident employees who participate in our share incentive plans will be subject to these regulations when our Company becomes publicly listed in Hong Kong. If we or any of these PRC resident employees fail to comply with these regulations, we or such employees may be subject to fines and other legal or administrative sanctions. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, officers and employees under PRC law.

**If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.**

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and its implementing rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise. The implementing rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People’s Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (《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》) on April 22, 2009 and most recently amended on December 29, 2017 (“**Circular 82**”), which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, the criteria set forth in the circular may reflect the SAT general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made by or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.



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We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body”. If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations.

**We may be subject to PRC withholding tax on your dividends from us and PRC income tax on any gain realized on the transfer of our Shares.**

Under the current tax law in China, any dividends paid by us to non-PRC enterprise shareholders may be subject to PRC withholding tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such dividends are deemed to be from PRC sources. In addition, gains realized on the sale or other disposition of our Shares may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such gains are deemed to be from PRC sources. Any PRC tax liability may be reduced under applicable tax treaties. However, it is unclear whether non-PRC shareholders 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 PRC tax may reduce the returns on your investment in the Shares.

**We may not be able to obtain certain benefits under the relevant tax arrangement for dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiaries.**

We are a holding company incorporated under the laws of the Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC “resident enterprise” to a foreign enterprise investor, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region 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》), effective August 21, 2006, such withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC enterprise’s shares directly. On February 3, 2018, the SAT promulgated the Announcement of the State Administration of Taxation on Issues concerning “Beneficial Owners” in Tax Treaties which specifies different factors to be taken into consideration when analyzing whether an applicant could be recognized as a beneficial owner. If our Hong Kong subsidiaries are not considered as beneficial owner, they could not enjoy the tax preferential rate of 5%.

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Furthermore, the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》), which became effective in January 2020, require non-resident enterprises to determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties and file relevant materials with the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. See “Financial Information – Taxation – China”. We intend to re-invest all earnings generated from our PRC subsidiaries for the operation and expansion of our business in China in the foreseeable future. We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant tax authority or we will be able to complete the necessary filings with the relevant tax authority and enjoy the preferential withholding tax rate of 5% under the arrangement with respect to any dividends to be paid by our PRC subsidiaries to our Hong Kong subsidiary.

**We and our shareholders face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises, assets attributed to a PRC establishment of a non-PRC company or immovable properties located in China owned by non-PRC companies.**

The SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises on February 3, 2015 (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), the (“**Bulletin 7**”), and amended on October 17, 2017 and December 29, 2017, which partially replaced and supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》), the (“**Circular 698**”), which was issued by the SAT in 2009. Pursuant to Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from the indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises. Gains derived from the transfer of PRC taxable assets by a direct holder that is a non-PRC resident enterprise is subject to PRC enterprise income taxes. When determining whether an arrangement has a “reasonable commercial purpose”, the following factors are considered:

- whether the value of the equity interest of the relevant offshore enterprise is mainly derived from PRC taxable assets;
- whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China;
- whether the income of the relevant offshore enterprise is mainly generated from China;

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- whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature as evidenced by actual function and risk exposure;
- for how long the existing shareholders, business model and organizational structure of the relevant offshore enterprise has existed;
- the replicability of the arrangement by direct transfer of PRC taxable assets; and
- the tax situation of such indirect transfer and applicable tax treaties or similar arrangements.

Gains derived from an indirect offshore transfer of assets of a PRC establishment or place of business are to be included in the enterprise income tax filing of the PRC establishment or place of business, and are subject to a PRC enterprise income tax rate of 25%. In case of a transfer of immovable properties located in China or of equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax rate of 10% applies, subject to available preferential tax treatment under applicable tax treaties or similar arrangements. The party who is obligated to pay for the transfer has the withholding obligation with respect to the transfer. Where the payor fails to withhold sufficient tax, the transferor is required to declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. Bulletin 7 does not apply to sales of shares by investors through a public stock exchange if the shares were acquired by the investors through a public stock exchange.

We face uncertainties as to the application of Bulletin 7 and previous rules under Circular 698, including reporting and other obligations with respect to certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. We may be subject to filing obligations or taxed as the transferor, or subject to withholding obligations as the transferee, in the transactions. For transfer of our shares by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in filings under Circular 698 and Bulletin 7. We may be required to allocate valuable resources to comply with Circular 698 and Bulletin 7, to request relevant transferors from whom we purchase taxable assets to comply with these rules, or to establish that we should not be taxed under these rules, which may have a material adverse effect on our financial condition and results of operations.

**It may be difficult to effect service of process upon us or our directors or officers who reside in China or to enforce foreign court judgments against them in China.**

Most of our assets are situated in China and most of our directors and officers named in this prospectus reside in, and most of their respective assets are located in, China. As a result, it may be difficult to effect service of process outside China upon most of our directors and

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officers, including with respect to matters arising under applicable securities laws. It may be difficult for you to enforce against us or our directors or officers in China any judgments obtained from courts outside of China.

On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “2006 Arrangement”), pursuant to which a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain. On January 18, 2019, the Supreme People’s Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “2019 Arrangement”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and the PRC, based on criteria other than a written bilateral choice of court agreement. The 2019 Arrangement will only take effect from its commencement date, which is not yet known. The 2019 Arrangement will, upon its effectiveness, supersede the 2006 Arrangement. However, the 2006 Arrangement will continue to apply to a choice of court agreement in writing signed before the 2019 Arrangement comes into effect. Therefore, before the 2019 Arrangement becomes effective, recognition and enforcement in the PRC of judgments of a foreign court may be difficult or even impossible.

**The PRC Labor Contract Law, any labor shortages, increased labor cost or other factors affecting our labor force may adversely affect our business, profitability and reputation.**

On December 28, 2012, the PRC Labor Contract Law (中華人民共和國勞動合同法) was amended to impose more stringent requirements on labor dispatch and such amendments became effective on July 1, 2013. For example, the number of dispatched contract workers that an employer hires may not exceed a certain percentage of our total number of employees to be decided by the Ministry of Human Resources and Social Security (人力資源和社會保障部) and the dispatched contract workers can only engage in temporary, auxiliary or substitute work. According to the Interim Provisions on Labor Dispatch (勞務派遣暫行規定) promulgated by

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the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014, the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers). The Interim Provisions on Labor Dispatch further requires the employer that is not in compliance with the above provisions to formulate a plan to reduce the number of its dispatched contract workers to below 10% of the total number of its employees prior to March 1, 2016. In addition, an employer is not permitted to hire any new dispatched contract worker until the number of its dispatched contract workers has been reduced to below 10% of the total number of its employees. The application and interpretation of these new requirements under the amended Labor Contract Law are limited and uncertain. In addition, any labor shortages, increased labor cost or other factors affecting our labor force in relation thereto, may adversely affect our business, profitability and reputation.

### **RISKS RELATING TO THE GLOBAL OFFERING**

**There has been no prior public market for our Offer Shares and the liquidity and market price of our Shares may be volatile.**

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Overall Coordinators (behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

**The trading price of our Shares may be volatile, which could result in substantial losses to you.**

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

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**The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and substantial shareholders, could adversely affect the market price of our Shares.**

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our substantial shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

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

As the Offer Price of our Shares is higher than the net tangible book value per Share immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

**There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications and other publicly available publications contained in this prospectus.**

This prospectus, particularly the sections headed “Business” and “Industry Overview”, contains information and statistics relating to the market in which we operate. Such information and statistics have been derived from various official government publications and other publicly available publications. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Global Coordinators, the Overall Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters or any other party involved in the Global Offering, 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 practise, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

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

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

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In preparation for the Global Offering, we have sought the following waiver and exemption from strict compliance with certain provisions of the Listing Rules and exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG**

Rule 8.12 of the Hong Kong Listing Rules requires that, except as otherwise permitted by the Hong Kong Stock Exchange at its discretion, our Company has a sufficient management presence in Hong Kong. This normally means that at least two of our Company's executive Directors must be ordinarily resident in Hong Kong. Since most of our Company's core business operations are based, managed and conducted outside of Hong Kong, our Company does not have, and in the foreseeable future will not have, a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Hong Kong Listing Rules.

Accordingly, our Company has applied to the Hong Kong Stock Exchange for, and has been granted, a waiver from strict compliance with Rule 8.12 of the Hong Kong Listing Rules on the condition that the following arrangements be made to maintain regular and effective communication between the Hong Kong Stock Exchange and our Company:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Hong Kong Stock Exchange. The two authorized representatives are Mr. Chen Wenbin and Mr. Qian Di;
- (b) each of the authorized representatives will have all necessary means to contact all our Directors promptly at all times, as and when the Hong Kong Stock Exchange wishes to contact our Directors on any matters;
- (c) all our Directors who are not ordinarily resident in Hong Kong have or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Hong Kong Stock Exchange upon reasonable notice;
- (d) our Company will retain a Hong Kong legal advisor to advise on matters relating to the application of the Listing Rules and other applicable Hong Kong laws and regulations after Listing;
- (e) Maxa Capital Limited, our compliance advisor, will act as an additional channel of communication with the Hong Kong Stock Exchange; and
- (f) each Director will provide his or her mobile phone number, office phone number, email address and fax number to the Hong Kong Stock Exchange.



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See “Directors and Parties Involved in the Global Offering” in this prospectus for further details about other channels of communication with the Hong Kong Stock Exchange.

**WAIVER IN RESPECT OF PROPOSED ACQUISITION AFTER THE TRACK RECORD PERIOD**

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants’ report to be included in a prospectus must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the prospectus.

On January 3, 2023, the Company entered into an equity transfer agreement with Zhengtong Co., Ltd. (証通股份有限公司) (the “Vendor”) and Shanghai Woruiou Information Technology Co., Ltd. (上海沃芮歐信息科技有限公司) (the “Target Company”, together with its subsidiaries, the “Target Group”), pursuant to which the Company has agreed to conditionally acquire, and the Vendor has agreed to conditionally sell, the entire share capital of the Target Company (the “Proposed Acquisition”). Please refer to “History, Reorganization and Corporate Structure – Proposed Acquisition After the Track Record Period” for further details.

The Proposed Acquisition is expected to create synergies and support the Group’s long-term business development. Our Directors believe that the Proposed Acquisition will complement and support the growth of the Group, by providing additional business to the Target Group’s fund distribution business through the Group’s customer base, and at the same time, expanding the scope of services provided by the Group to meet the current and future asset allocation needs of the Group’s own customers. Accordingly, if consummated, our Directors believe that the Proposed Acquisition will be fair and reasonable and in the interests of the Shareholders as a whole.

**Conditions for granting the waiver and its scope in respect of the Proposed Acquisition**

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Proposed Acquisition on the following grounds:

*The percentage ratios of the Proposed Acquisition are all less than 5% by reference to the most recent fiscal year of the Track Record Period*

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Proposed Acquisition are all less than 5% by reference to the most recent fiscal year of the Track Record Period.

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Accordingly, we do not expect the Proposed Acquisition to result in any significant changes to its financial position since October 31, 2022, and all information that is reasonably necessary for potential investors to make an informed assessment of the Company's activities or financial position will be included in the Prospectus. As such, the Company considers that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

***Historical financial information is not available and would be unduly burdensome to obtain or prepare***

The Company confirms that the Target Company in respect of the Proposed Acquisition does not have available historical financial information which is readily available for disclosure in this document in accordance with the Listing Rules. It would require considerable time and resources for the Company and the reporting accountants to fully familiarize ourselves with the management accounting policies of the target company and compile the necessary financial information and supporting documents for disclosure in the Prospectus. As such, we believe that it would be impractical and unduly burdensome for the Company to prepare and disclose the audited historical financial information of the Target Company as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

In addition, having considered the Proposed Acquisition to be immaterial and that the Company does not expect the Proposed Acquisition to have any material effect on its business, financial condition or operations, the Company believes that it would not be meaningful and would be unduly burdensome for it to prepare and include the financial information of the targets during the Track Record Period in the Prospectus. As the Company does not expect the Acquisition to result in any material changes to its financial position after the Track Record Period, the Company does not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would prejudice the interests of the investors.

***Alternative disclosure of the Proposed Acquisition in the prospectus***

We have provided alternative information about the Proposed Acquisition in the Prospectus. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that our Directors consider to be material, including, for example, descriptions of (a) the background information of the Target Company and the Vendor, including a statement as to whether the Vendor and its ultimate beneficial owner are Independent Third Parties, (b) basis of the consideration of the Proposed Acquisition, (c) reasons and benefits of the Proposed Acquisition, and (d) the book value of assets, revenue, profit/loss of the Target Group for the two financial years immediately prior to the Proposed Acquisition. Since the relevant percentage ratios of the Proposed Acquisition

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are less than 5% by reference to the most recent audited fiscal year of the Track Record Period, the Company believes the current disclosure is adequate for potential investors to form an informed assessment of the Company.

**WAIVER IN RELATION TO RULE 4.04(1) OF THE LISTING RULES AND  
EXEMPTION FROM STRICT COMPLIANCE WITH SECTION 342(1) IN RELATION  
TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD  
SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS  
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According to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this prospectus must include the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus or such shorter period as may be acceptable to the Stock Exchange.

According to Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this prospectus shall include an accountants' report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a report by our auditor with respect to profits and losses and assets and liabilities of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

According to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

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Guidance Letter HKEx-GL25-11 issued by the Stock Exchange has provided the conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Listing Rules as follows:

1. the applicant must list on the Stock Exchange within three months after the latest year end;
2. the applicant must obtain a certificate of exemption from the SFC on compliance with the requirements of Section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
3. a profit estimate for the latest financial year (which must comply with Rules 11.17 to 11.19 of the Listing Rules) must be included in the prospectus or the applicant must provide justification why a profit estimate cannot be included in the prospectus; and
4. there must be a directors' statement in the prospectus that there is no material adverse change to our Company's financial and trading positions or prospect with specific reference to the trading results from the end of the stub period to the latest financial year end.

The Accountants' Report for each of the three years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022 has been prepared and set out in Appendix I to this prospectus.

Pursuant to the relevant requirements set out above, our Company is required to produce three full years of audited accounts for the years ended December 31, 2020, 2021 and 2022.

As such, an application was made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver has been granted by the Stock Exchange on the conditions that:

- (a) this prospectus will be issued on or before February 28, 2023 and Shares of our Company must be listed on the Stock Exchange on or before March 31, 2023 (i.e. within three months after the latest financial year end of our Company);
- (b) our Company obtains a certificate of exemption from the SFC on strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements;

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- (c) this prospectus contains a profit estimate for the year ended December 31, 2022 (in compliance with Rules 11.17 to 11.19 of the Listing Rules) and the statement from our Directors that there is no material adverse change to our financial and trading positions or prospects, with specific reference to our trading results from November 1, 2022 to December 31, 2022; and
- (d) we will publish the preliminary results announcement for the financial year ended December 31, 2022 by not later than March 31, 2023 and the annual report for the financial year ended December 31, 2022 by not later than April 30, 2023, respectively, in compliance with Rules 13.49 and 13.46 of the Listing Rules.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a certificate of exemption has been granted by the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that (i) the particulars of the exemption are set out in this prospectus; (ii) this prospectus will be issued on or before February 28, 2023; and (iii) Shares of our Company will be listed on the Stock Exchange on or before March 31, 2023 (i.e. three months after the latest financial year end of our Company).

The applications to Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance were made on the grounds, among others, that strict compliance with the above requirements would be unduly burdensome and the exemption would not prejudice the interest of the investing public as:

- (a) there would not be sufficient time for our Company and the reporting accountants of our Company (the “**Reporting Accountants**”) to finalize the audited financial statements for the year ended December 31, 2022 for inclusion in this prospectus. If the financial information for the year ended December 31, 2022 is required to be audited, our Company and the Reporting Accountants would have to carry out substantial work to prepare, update and finalize the Accountants’ Report and this prospectus and the relevant sections of this prospectus will need to be updated to cover such additional period within a short period of time and will lead to the delay of the current listing timetable;
- (b) our Directors and the Sponsor confirm herein that, after performing all reasonable due diligence work which they consider appropriate, up to the date of this prospectus, except to the extent disclosed in “Summary – Recent Development” in this prospectus, there has been no material adverse change to the financial and trading positions or prospects of the Company since November 1, 2022

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(immediately following the date of the latest audited statement of financial position in the Accountants' Report set out in Appendix I to this prospectus) to the date of this prospectus and there has been no event since November 1, 2022 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus, the profit estimate for the year ended December 31, 2022 as set out in Appendix III to this prospectus and "Financial Information" and other parts of this prospectus;

- (c) our Company is of the view that the Accountants' Report covering the three financial years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022, together with the profit estimate for the year ended December 31, 2022 (in compliance with Rules 11.17 to 11.19 of the Listing Rules), included in this prospectus have already provided the potential investors with adequate and reasonably up-to-date information of the circumstances to form a view on the track record and earnings trend of our Company; and our Directors and the Sponsor confirm that all information which is necessary for the investing public to make an informed assessment of our activities, assets and liabilities, financial position, trading position, management and prospects has been included in this prospectus. Therefore, the waiver and exemption would not prejudice the interest of the investing public; and
  
- (d) we will comply with the requirements under Rules 13.46(2) and 13.49(1) of the Listing Rules in respect of the publication of our annual results and annual report. Our Company currently expects to issue our annual results and annual report for the financial year ended December 31, 2022 on or before March 31, 2023 and April 30, 2023, respectively. In this regard, our Directors consider that the Shareholders of our Company, the investing public as well as potential investors of our Company will be kept informed of the financial results of our Group for the financial year ended December 31, 2022.

**WAIVER IN RELATION TO THE SUBSCRIPTION FOR SHARES BY AN EXISTING SHAREHOLDER AS A CORNERSTONE INVESTOR**

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled.

The conditions in Rules 10.03(1) and (2) are that (i) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

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**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES  
AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES  
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

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Paragraph 5(2) of Appendix 6 to the Listing Rules provides that, without the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of the Listing Rules and a written consent under paragraph 5(2) of Appendix 6 to the Listing Rules for the subscription of Shares by Orchid Asia CIL, an existing Shareholder, as a cornerstone investor, on the following grounds which are consistent with the conditions as set out in the Stock Exchange Guidance Letter (HKEX-GL85-16) and been confirmed by the Sole Sponsor:

- (a) **Less than 5%:** Orchid Asia CIL is interested in less than 5% of the Company's voting rights prior to the completion of the Global Offering.
- (b) **Not core connected persons:** Orchid Asia CIL is not, and will not be, core connected persons (as defined under the Listing Rules) of the Company or any close associate (as defined under the Listing Rules) of any such core connected person immediately prior to or following the Global Offering.
- (c) **No right to appoint Directors:** Orchid Asia CIL has no power to appoint Directors of the Company (other than as a Shareholder of the Company) and do not have other special rights.
- (d) **No impact on public float:** As Orchid Asia CIL is not a connected person to the Company, the Offer Shares to be held by Orchid Asia CIL would be less than 10% of the issued Share upon completion of the Global Offering (before and after the exercise of the Over-allotment Option) and therefore, form part of the public. Thus, allocation to Orchid Asia CIL for which this submission is sought will not affect the Company's ability to satisfy the public float requirement under Rule 8.08 of the Listing Rules.
- (e) **Disclosure:** The relevant information in respect of the allocation to Orchid Asia CIL will be disclosed in this prospectus and the allotment results announcement.
- (f) Each of the Company and the Sole Sponsor has provided a written confirmation in accordance with the requirements set out in HKEX-GL85-16 as follows:
  - (i) the Sole Sponsor confirms that, based on (i) their discussions with the Company and the Overall Coordinators; and (ii) the confirmations provided to the Stock Exchange by the Company and the Overall Coordinators as required under HKEX-GL85-16, and to the best of their knowledge and belief, they

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**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES  
AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES  
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

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have no reason to believe that Orchid Asia CIL received any preferential treatment in the allocation as a cornerstone investor by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in HKEX-GL51-13, and details of the allocation will be disclosed in the Prospectus and the allotment results announcement; and

- (ii) the Company confirms that no preferential treatment has been, nor will be, given to the Orchid Asia CIL by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in HKEX-GL51-13, that Orchid Asia CIL's cornerstone investment agreement does not contain any material terms which are more favorable to Orchid Asia CIL than those in other cornerstone investment agreements.

For further information about the cornerstone investment of Orchid Asia CIL, please refer to the section headed "Cornerstone Investors" in this prospectus.



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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the Directors (including any proposed Director who is named as such in the prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, SFO and the Listing Rules for the purpose of giving information with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

### INFORMATION ON THE GLOBAL OFFERING

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

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "The Structure of the Global Offering," and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" and in the **GREEN** Application Form.

### UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the **GREEN** Application Form set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Overall Coordinators (on behalf of the Hong Kong Underwriters) agreeing on the Offer Price. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Price Determination Date, subject to the Offer Price being agreed.

If, for any reason, the Offer Price is not agreed among us and the Overall Coordinators (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, see "Underwriting".

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES**

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

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

### **APPLICATION FOR LISTING ON THE HONG KONG 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 and to be issued pursuant to the Global Offering and the exercise of the Over-allotment Option.

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

### **COMMENCEMENT OF DEALINGS IN OUR SHARES**

Dealings in our Shares on the Hong Kong Stock Exchange are expected to commence on Friday, March 10, 2023. Our Shares will be traded in board lots of 500 Shares each. The stock code of our Shares will be 9636.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

If the Hong Kong 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 Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the 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 advisor for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable our Shares to be admitted into CCASS.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **PROFESSIONAL TAX ADVICE RECOMMENDED**

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

### **REGISTER OF MEMBERS AND STAMP DUTY**

Our principal register of members will be maintained by our principal registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

All Offer Shares will be registered on our Hong Kong register of members. Dealings in our Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty.

### **EXCHANGE RATE CONVERSION**

Solely for your convenience, this prospectus contains translations of certain RMB into Hong Kong dollars, of Hong Kong dollars into RMB, of RMB into U.S. dollars and of Hong Kong dollars into U.S. dollars at specified rates.

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

USD1.00: HKD7.8499

USD1.00: RMB6.8663

HKD1.00: RMB0.8747

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

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### **ROUNDING**

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. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

### **LANGUAGE**

If there is any inconsistency between this English prospectus and the Chinese translation of this prospectus, this English 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 language shall prevail.

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

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**DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Nationality</b>
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**Non-executive Directors**

Mr. CHEN Wenbin (陳文彬先生)	Room 1801, No. 7, Lane 377, Nandan Road, Xuhui District, Shanghai, PRC	Chinese
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Mr. YAN Ming (嚴明先生)	Flat A, 17/F, Block 1, Regent On The Park, 9A Kennedy Road, Hong Kong	Chinese
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Ms. CHEN NINGFENG (陳寧楓女士)	Flat H, 28/F, Block 7, Century Gateway, 83 Tuen Mun Heung Sze Wui Road, Tuen Mun, Hong Kong	Canadian
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Mr. CHEN Jigeng (陳冀庚先生)	Room 1104, Building 40, Sanweishuwu, No. 580 Jin Shan Avenue, Cangshan District, Fuzhou City, Fujian Province, PRC	Chinese
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**Executive Director**

Mr. CAI Zi (才子先生)	Room 1001, Building 22, Yanlord Xijiao Garden, 1188 Xuying Road, Qingpu District, Shanghai, PRC	Chinese
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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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<b>Name</b>	<b>Address</b>	<b>Nationality</b>
<b>Independent non-executive Directors</b>		
Dr. ZHAO Guoqing (趙國慶)	Room 2703 No. 4, Lane 1, Xinjia Road, Hongkou District, Shanghai, PRC	Chinese
Mr. FAN Yonghong (范勇宏先生)	No. 502, Unit 4, Building 8, Wanquanxin Garden, Wanliu, Haidian District, Beijing, PRC	Chinese
Mr. TIAN Shu (田舒先生)	Room 1004, Building 7, Tongyong Times International Apartment, No. 3 Yard, Yongan Donglijia, Chaoyang District, Beijing, PRC	Chinese

For further information on our Directors, please refer to the section headed “Directors and Senior Management” of this prospectus.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

**Sole Sponsor and Sole Sponsor-Overall  
Coordinator**

**China International Capital Corporation  
Hong Kong Securities Limited**  
29/F One International Finance Center  
1 Harbor View Street  
Central  
Hong Kong

**Overall Coordinators**

**China International Capital Corporation  
Hong Kong Securities Limited**  
29/F One International Finance Center  
1 Harbor View Street  
Central  
Hong Kong

**BNP Paribas Securities (Asia) Limited**  
60/F-63/F Two International Finance Center  
8 Finance Street  
Central  
Hong Kong

**Huatai Financial Holdings (Hong Kong)  
Limited**  
62/F, The Center  
99 Queen's Road Central  
Hong Kong

**Joint Global Coordinators**

**China International Capital Corporation  
Hong Kong Securities Limited**  
29/F One International Finance Center  
1 Harbor View Street  
Central  
Hong Kong

**BNP Paribas Securities (Asia) Limited**  
60/F-63/F Two International Finance Center  
8 Finance Street  
Central  
Hong Kong

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

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**Huatai Financial Holdings (Hong Kong)****Limited**

62/F, The Center

99 Queen's Road Central

Hong Kong

**SPDB International Capital Limited**

33/F, SPD Bank Tower

One Hennessy

1 Hennessy Road

Hong Kong

**Joint Bookrunners****China International Capital Corporation****Hong Kong Securities Limited**

29/F One International Finance Center

1 Harbor View Street

Central

Hong Kong

**BNP Paribas Securities (Asia) Limited**

60/F-63/F Two International Finance Center

8 Finance Street

Central

Hong Kong

**Huatai Financial Holdings (Hong Kong)****Limited**

62/F, The Center

99 Queen's Road Central

Hong Kong

**SPDB International Capital Limited**

33/F, SPD Bank Tower

One Hennessy

1 Hennessy Road

Hong Kong

**Forthright Securities Company Limited**

Units 3308-3309, 33/F, Cosco Tower

Grand Millennium Plaza

No.183 Queen's Road Central

Sheung Wan

Hong Kong



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

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**Joint Lead Managers****ICBC International Securities Limited**

37/F ICBC Tower  
3 Garden Road  
Hong Kong

**CCB International Capital Limited**

12/F, CCB Tower  
3 Connaught Road Central  
Central Hong Kong

**China International Capital Corporation  
Hong Kong Securities Limited**

29/F One International Finance Center  
1 Harbor View Street  
Central  
Hong Kong

**BNP Paribas Securities (Asia) Limited**

60/F-63/F Two International Finance Center  
8 Finance Street  
Central  
Hong Kong

**Huatai Financial Holdings (Hong Kong)  
Limited**

62/F, The Center  
99 Queen's Road Central  
Hong Kong

**SPDB International Capital Limited**

33/F, SPD Bank Tower  
One Hennessy  
1 Hennessy Road  
Hong Kong

**Forthright Securities Company Limited**

Units 3308-3309, 33/F, Cosco Tower  
Grand Millennium Plaza  
No.183 Queen's Road Central  
Sheung Wan  
Hong Kong

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

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**ICBC International Securities Limited**

37/F ICBC Tower  
3 Garden Road  
Hong Kong

**CCB International Capital Limited**

12/F, CCB Tower  
3 Connaught Road Central  
Central Hong Kong

**Zhongtai International Securities Limited**

19th Floor, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

**Futu Securities International (Hong Kong) Limited**

Unit C1-2, 13/F, United Center  
No. 95 Queensway  
Admiralty  
Hong Kong

**Tiger Brokers (HK) Global Limited**

1/F, FWD Financial Center,  
308 Des Voeux Road Central  
Hong Kong

**Valuable Capital Limited**

Room 3601, 36/F  
China Merchants Tower, Shun Tak Center  
168-200 Connaught Road Central  
Hong Kong

**Reporting Accountants and  
Independent Auditor****KPMG**

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central,  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### Legal Advisors to the Company

*As to Hong Kong and U.S. laws:*

**Clifford Chance**

27th Floor

Jardine House

One Connaught Place

Central

Hong Kong

*As to PRC law:*

**King & Wood Mallesons**

17th Floor, One ICC

Shanghai ICC

999 Huaihai Middle Road

Shanghai

PRC

*As to Cayman Islands law:*

**Conyers Dill & Pearman**

29th Floor, One Exchange Square

8 Connaught Place

Central

Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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

*As to Hong Kong and U.S. laws:*

**Latham & Watkins LLP**

18th Floor  
One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

*As to PRC law:*

**JunHe LLP**

20/F, China Resources Building,  
8 Jianguomenbei Avenue,  
Beijing 100005,  
PRC

**Industry Consultant**

**Frost & Sullivan (Beijing) Inc.,  
Shanghai Branch Co.**

Room 2504, Wheelock Square  
1717 Nanjing West Road  
Jing'an District  
Shanghai  
PRC

**Receiving Banks**

**Industrial and Commercial Bank of  
China (Asia) Limited**

33/F ICBC Tower  
3 Garden Road  
Central  
Hong Kong

**Bank of Communications Co., Ltd.  
Hong Kong Branch**

Unit B B/F & G/F, Unit C G/F, 1-3/F,  
16/F Room 01 & 18/F  
Wheelock House  
20 Pedder Street, Central  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office</b>	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
<b>Principal place of business and head office in the PRC</b>	3-5/F, Yintech Finance Center 88 Xumin East Road Qingpu District Shanghai PRC
<b>Principal place of business in Hong Kong</b>	7/F Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
<b>Company's Website</b>	<b><u><a href="http://jfwealth.investorroom.com">jfwealth.investorroom.com</a></u></b>  <i>(The information on the website does not form part of this prospectus)</i>
<b>Company Secretary</b>	Mr. QIAN Di (錢迪先生) (HKICPA, CICPA) 3-5/F, Yintech Finance Center 88 Xumin East Road Qingpu District Shanghai PRC
<b>Authorized Representatives</b>	Mr. CHEN Wenbin (陳文彬先生) Room 1801, No. 7, Lane 377, Nandan Road, Xuhui District, Shanghai PRC  Mr. QIAN Di (錢迪先生) 3-5/F, Yintech Finance Center 88 Xumin East Road Qingpu District Shanghai PRC

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## CORPORATE INFORMATION

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<b>Audit Committee</b>	Dr. ZHAO Guoqing ( <i>Chairman</i> ) Mr. FAN Yonghong Mr. TIAN Shu
<b>Remuneration Committee</b>	Dr. ZHAO Guoqing ( <i>Chairman</i> ) Mr. CHEN Wenbin Mr. TIAN Shu
<b>Nomination Committee</b>	Mr. CHEN Wenbin ( <i>Chairman</i> ) Dr. ZHAO Guoqing Mr. TIAN Shu
<b>Cayman Islands Principal Share Registrar and Transfer Agent</b>	<b>Conyers Trust Company (Cayman) Limited</b> Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
<b>Hong Kong Share Registrar</b>	<b>Computershare Hong Kong Investor Services Limited</b> Shops 1712-1716, 17th Floor Hopewell Center 183 Queen's Road East Wan Chai, Hong Kong
<b>Compliance Advisor</b>	<b>Maxa Capital Limited</b> Unit 1908 Harbor Center 25 Harbor Road Wan Chai, Hong Kong

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## CORPORATE INFORMATION

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### Principal Banks

**China Merchants Bank,  
Shanghai Changde Branch**  
Room 310, Baohua Building  
No. 1211, Changde Road  
Shanghai  
PRC

**Ping An Bank,  
Shanghai Zimao Shiyan Branch**  
5th Floor, Building 6  
Lujiazui Century Financial Plaza  
308 Jinkang Road  
Pudong New Area  
Shanghai  
PRC

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## INDUSTRY OVERVIEW

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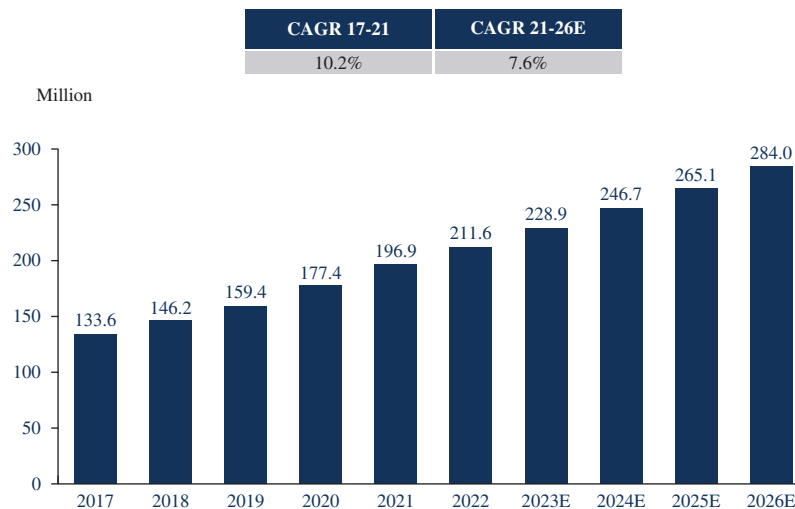
*The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, Joint Global Coordinators, Overall Coordinators, Joint Bookrunners, Joint Lead Managers, Underwriters, the Capital Market Intermediaries, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.*

### OVERVIEW OF THE PRC MACRO ECONOMY

Over the past few years, the economy in China has grown substantially. China's nominal GDP reached RMB121,020.7 billion in 2022, and is expected to further increase to RMB155,580.2 billion in 2026, representing a CAGR of 6.2%.

Individual investible financial assets refer to financial products including cash and deposits, time deposits, fixed-term investments, stocks, funds, and others. Driven by China's rapid economic growth, investors are expected to be increasingly receptive to financial products to earn a higher rate of return, and the number of investors is expected to increase steadily. According to Frost & Sullivan, the number of individual investors in China reached 211.6 million in 2022, and is expected to further increase to 284.0 million by 2026, at a CAGR of 7.6%. The following chart sets forth the historical and forecast number of individual investors in China from 2017 to 2026:

**Number of Individual Investors, China, 2017-2026E**



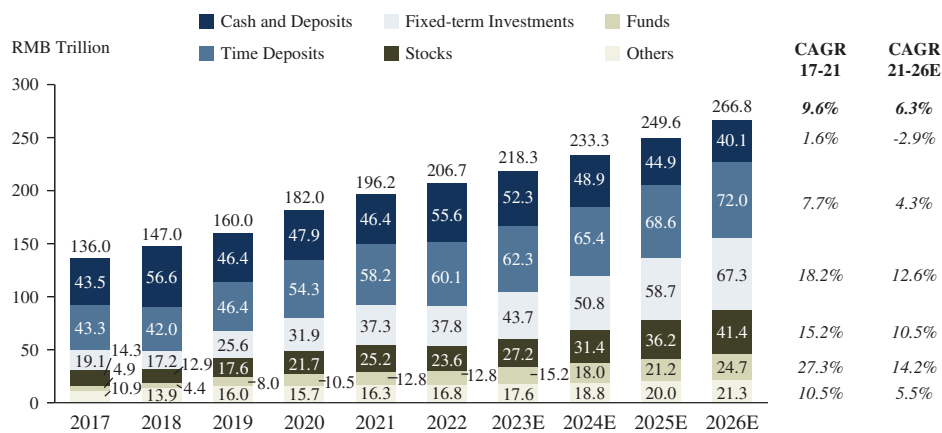
Source: China Securities Depository and Clearing Corporation, Frost & Sullivan



## INDUSTRY OVERVIEW

Benefitting from the rapid growth of individual investible financial assets in China and a favorable political environment that encourages investments, it is expected that the investment choices of investors will include more diversified financial products including cash and deposits, time deposits, fixed-term investments, stocks, funds, and bonds, among others. According to Frost & Sullivan, the size of individual investible financial assets in China reached RMB211.6 trillion in 2022, and is expected to reach RMB266.8 trillion in 2026, representing a CAGR of 6.3%. In order to achieve higher return rates, investors are expected to increase the proportion of their investible financial assets on financial products such as fixed-term investments, stocks and funds. According to the same source, the size of individual investible financial assets on fixed-term investments, stocks and funds are expected to grow at a CAGR of over 10% from 2021 to 2026, which will further drive the development of online investment decision-making solution market, including online investor content service market and financial information software service market. The following chart sets forth the historical and forecast size of individual investible financial assets in China from 2017 to 2026:

**Individual Investible Financial Assets Size, China, 2017-2026E**



*Notes:*

- (1) Fixed-term investments mainly include bonds, wealth management products issued by banks, and insurance products, etc.;
- (2) Funds mainly include money market funds and other mutual funds such as equity funds, Exchange-Traded Funds (ETF), and alternative investment funds, etc.;
- (3) Others mainly include private equity investments, trusts, futures, and commodities, etc.

*Source: Frost & Sullivan*

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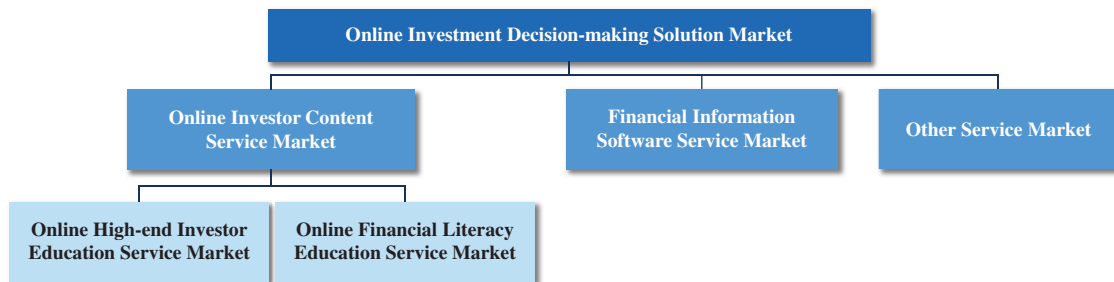
## INDUSTRY OVERVIEW

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### THE PRC ONLINE INVESTMENT DECISION-MAKING SOLUTION MARKET

#### Overview

Online investment decision-making solution refers to the investment services provided to investors to help them better understand the PRC financial market, make investment plans or decisions and manage personal financial activities. The online investment decision-making solution market mainly comprises of three components, including (i) the online investor content service market, (ii) the financial information software service market and (iii) other service market, which covers intelligent investment advisory services and securities investment operation guidance services. The following chart sets forth the components of the online investment decision-making solution market:



Source: Frost & Sullivan

#### Market Size

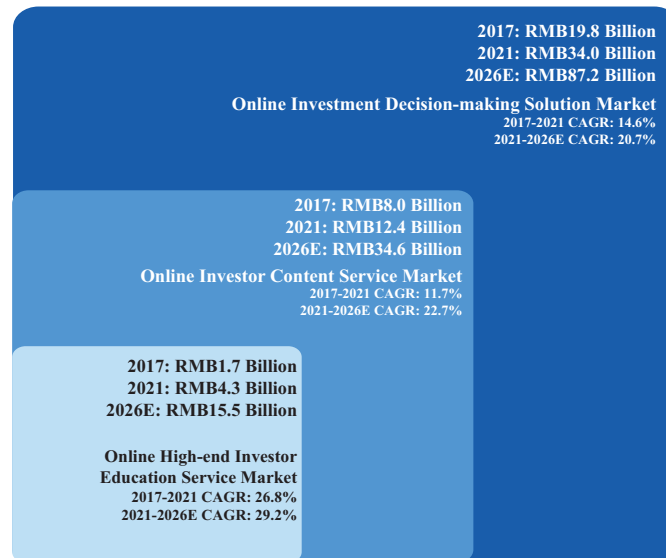
In recent years, individual investible financial assets in China have grown rapidly with prosperous development. Investors have begun to diversify their investment portfolios to earn higher rate of return instead of simply relying on cash and deposits, resulting in increasing spending on financial investment services. Since the start of 2022, a series of matters, including the recent outbreak of COVID-19 in China, Russia-Ukraine conflict, and the expected interest rate increase and balance sheet reduction by Federal Reserve of the United States, have increased the volatilities of the financial markets and changed the outlook for macro-economy, which in turn may cause a turbulence on the demand for online investment decision-making solutions. In the long-term, considering the driving factors such as the increasing demand on financial education and content service for personal wealth management and continuous improvement on intelligent level of financial information software services, online investment decision-making solution market is expected to maintain the upward growth trend, reaching RMB87.2 billion by 2026, at a CAGR of 20.7% from 2021. The growths of online high-end investor education service market, online financial literacy education service market and financial information software service market are mainly driven by the increase in users and users' spending. As government continuously promotes the development of Internet and advancement of innovative technologies such as AI, cloud infrastructure, and 5G technology, the number of mobile internet users in China is expected to grow from 1,000 million in 2021 to 1,200 million in 2026 at a CAGR of 3.7%, which lays a solid foundation for the growth of

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## INDUSTRY OVERVIEW

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user base in each of the aforementioned three markets. Furthermore, benefiting from the further economic development, the disposable income per capita in China is expected to maintain the current growth rate and reach RMB52.6 thousand in 2026 with a CAGR of 8.4% from 2021, which increases the spending capacities of users in each of the aforementioned three markets. As the increment in users' spending power, users are expected to select financial information software services with professional features and advanced toolkits, leading to the future growth in financial information software service market. Furthermore, considering the increase in individual investible assets, increasing awareness of personal wealth management skills improvement and the importance of financial knowledge, as well as the continuous development of financial market and financial products, which will also drive up user numbers and users' spending on online high-end investor education service market and online financial literacy education service market, leading to the growth of these markets. The following chart sets forth the historical and forecast size of (i) the PRC online investment decision-making solution market, (ii) the PRC online investor content service market and (iii) the PRC online high-end investor education service market from 2017 to 2026.



Source: Frost & Sullivan

### Entry Barriers of the PRC Online Investment Decision-Making Solution Market

New market entrants to the PRC online investment decision-making solution market are confronted with a number of barriers, including those relating to:

- **Industry experiences.** In order to continuously develop and provide comprehensive professional services and software products to financial investors in China, online investment decision-making solution providers need to have strong technological R&D capabilities to establish nation-wide, high-speed, real-time information software terminals, have investment related curricula development capabilities, and have deep understandings of investors' demands, the applicable laws, regulations,

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## INDUSTRY OVERVIEW

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rules and policies of the PRC financial market and business characteristics of various financial market segments. New entrants to the market may not be able to accumulate all of the necessary industry experiences.

- **Customer base.** Due to the special characteristics of the online investment decision-making solution market and high volatility of the PRC financial market, participants in the industry must attract a large active user base in order to achieve the economies of scale by establishing brand recognition. New entrants to the market may experience difficulties in persuading users to change their existing investment tools or softwares when building their customer base due to established investment habits and high switching costs.
- **Talents and technology.** Due to the combination of information software technology and advanced investment skills in the online investment decision-making solution market as well as an expanding customer scale, service providers need to have stronger technical capabilities and more extensive professional knowledge. New entrants to the market may not be able to attract and retain talents and achieve strong technological capabilities within a short period of time compared to the existing market players.
- **Capital.** Large amounts of capital investments are required for R&D, testing, IT infrastructure, market expansion, user acquisition and other operations. New entrants may experience difficulties in attracting sufficient capital investments compared to the existing market players.

### THE PRC ONLINE INVESTOR CONTENT SERVICE MARKET

#### Overview

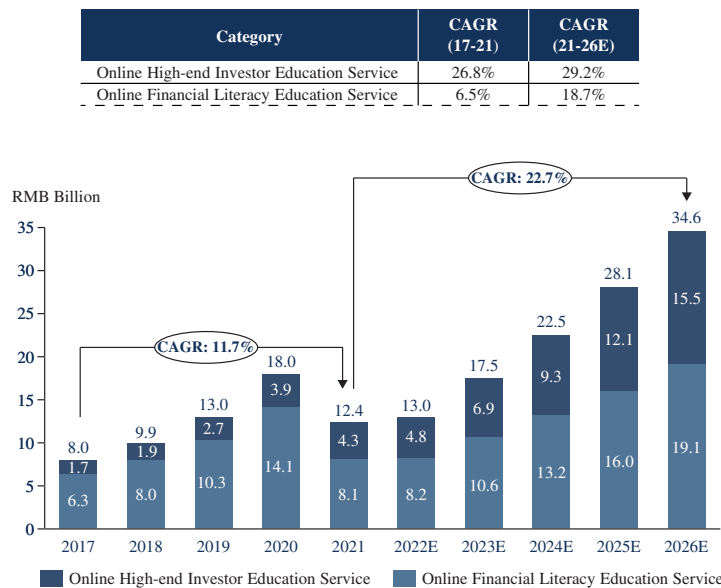
Benefitting from technology advancement, the PRC online investor content service market has developed rapidly in recent years. The PRC online investor content service market mainly comprises two components, including (i) the online high-end investor education service market, and (ii) the online financial literacy education service market. In 2021, there were more than 15 service providers in the online high-end investor education service market and approximately 5,000 service providers in the online financial literacy education service market in China. Market fee range for the most commonly subscribed packages of online high-end investor education services typically exceeds RMB20,000 per annum. Market fee range for packages of online financial literacy education services market varies depending on the course content and level, as well as the services provided, and the market fee range for the most commonly subscribed course packages typically falls in RMB tens to around RMB7,000;

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### Market Size

According to Frost & Sullivan, the size of the PRC online investor content service market reached RMB12.4 billion in 2021 with a decline compared with 2020, which is mainly due to tightened regulation on online financial literacy education services. In August 2021, the Chinese government launched an initiative targeted at financial and economic information platforms that had misinterpreted national financial policies and macroeconomic data, among others, with an aim to ensure the sustainable and healthy economic and social development in China in the future. Despite such decline, the market is expected to gradually recover and increase to RMB34.6 billion by 2026 at a CAGR of 22.7% from 2021, primarily driven by PRC residents' potential demand on wealth management knowledge accompanied by their diversified options in financial products and investment assets available in the market, as well as continuous improvement on the regulatory environment. The following chart sets forth the historical and forecast size of the PRC online investor content service market from 2017 to 2026:

**Size of the PRC Online Investor Content Service Market (by gross billing),  
2017-2026E**



Source: Frost & Sullivan

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## INDUSTRY OVERVIEW

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The online high-end education service is typically rendered in form of recorded video or online live streaming courses to provide comprehensive trainings and classes to help investors form solid financial knowledge base. The market fee range for packages of the online high-end investor education services is typically more than RMB20,000 annually, and the online high-end investor education services mainly target the mass affluent class in China who are interested in the financial market such as securities, funds and other financial instruments, with a balance of investible securities equal to or above RMB300,000 or typically an average annual household/individual income within RMB500,000, which are the industry norms, according to Frost & Sullivan. According to the same source, the size of the online high-end investor education service market reached RMB4.3 billion in 2021, and is expected to further increase to RMB15.5 billion by 2026, at a CAGR of 29.2%. In the first half of 2022, regional outbreak of COVID-19 pandemic in China and the controlling measures taken by the government have resulted in temporary business operation stoppage, unsatisfying stock market performance, and impaired investors' confidence in financial market, leading to a weaker demand for online high-end investor education services in the short term. In long term, considering the recovery of economy from the pandemic after it is under control, restoration of investors' confidence, the increasing of personal wealth and improving regulatory environment and financial market, the market is expected to grow in the forecast period.

Meanwhile, the online financial literacy education services refer to financial related educational courses, which focus on tutoring investors in process of financial planning and personal assets investing activities such as income generation, spending, saving and investing. The online financial literacy education services mainly target users with basic or little financial related knowledge at an affordable price. According to Frost & Sullivan, the size of the online financial literacy education service market reached RMB8.1 billion in 2021, with a decline compared to 2020, mainly due to the tightened regulatory environment, where the market players that had higher compliance costs had to reduce their market shares or even exit the market. In the first half of 2022, the market, affected by the weak performance of stock market and economy slow down due to the relevant measures taken by the governments to control the regional breakout of COVID-19 variant cases in China, is expected to have a slow growth in 2022.

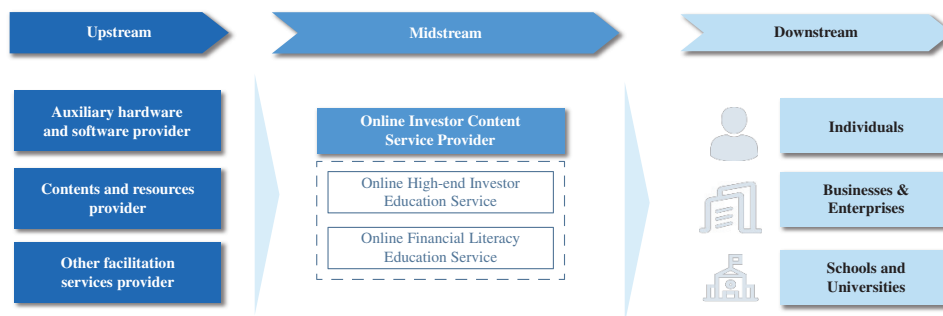
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## INDUSTRY OVERVIEW

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In addition, upstream participants in the online investor content service industry value chain mainly includes (i) auxiliary hardware and software providers, which provide data and information storage, backup, extraction and processing services; (ii) content and resource providers, which provide timely financial information and transaction related data; and (iii) other facilitation service providers, which provide facilitation services such as payment channels. As midstream participants, online investor content service providers design and launch online course modules covering various financial product topics and targeting customers with different financial knowledge levels for downstream individuals and institutions. The following chart sets forth the industry value chain of the PRC online investor content service market:

### Industry Value Chain of the PRC Online Investor Content Service Market



Source: Frost & Sullivan

### Market Drivers

#### *Growth of Individual Investible Financial Assets Size*

The rapid development of China's economy has improved the quality of life of residents and accelerated the accumulation of personal wealth. From 2017 to 2021, individual investible financial assets in China increased from RMB136.0 trillion to RMB196.2 trillion, at a CAGR of 9.6%. The growth of individual investible financial assets has driven the market's demand for online investor content services.

#### *Awakening of People's Wealth Management Awareness*

With the accumulation of personal wealth and increasing level of education of Chinese residents, more residents have begun to realize the importance and necessity of mastering financial knowledge, and properly managing their wealth in order to hedge inflation risks and make positive returns in a low interest rate environment. Therefore, improving the financial literacy has become a rising demand of the public, driving the growth of the online investor content service market.

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## INDUSTRY OVERVIEW

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### ***Improving Courses and Services Quality***

The online investor content service industry has gone through years of development with continuous improvement in training and courses offerings. Leading enterprises have formed standardized operating procedures in counseling, course module design, lecturer management and after-sales customer services to further improve customer experiences and increase their customer bases.

### ***Customer Acquisition through Newly Emerged Multi-media Channels***

With the emergence of multi-media channels such as online live streaming, short videos and audios, the online investor content service industry benefits from the user traffic directed from these channels for new customer acquisition. For instance, by cooperating with MCNs, online investor content service providers may advertise on financial-related programs or contents, which can help filter and identify potential customers who have shown interest in investment and financial knowledge, promote online investor content services to them and increase service sales revenue.

### ***Technology Development and Growing Online Investment Demands***

With the development of information technology, the PRC online investor content service market is further empowered by the use of IT and other technologies including AI, big data and cloud which drives operational efficiency improvement and supports provision of services to a broader customer base with customized investment recommendations. For instance, by incorporating massive financial market data with investors' trading behaviors risk appetites and investment preferences into a machine learning model for investment advisory services, different investment portfolios satisfying investors' expectations on returns and risks can be automatically generated to facilitate the course delivery and training process. As a result, the application of advanced technologies has increased investors' demand for online investor content services.

### ***Increasing Internet Penetration and Mobile Usage***

The penetration rate of mobile internet users in China rose from 54.0% to 70.8% from 2017 to 2021, and the number of mobile internet users in China reached approximately 1.0 billion in 2021. Online investor content service providers can leverage the large mobile user base to deliver services through mobile Apps to provide more convenient and pleasant customer experiences, and thus promote the development of the industry.

### ***Favorable Policies***

Policies such as Interim Provisions on Securities Investment Advisory Business (《證券投資顧問業務暫行規定》) and the Measures for the Administration of Securities and Fund Investment Consulting Business (Draft for Comments) (《證券基金投資諮詢業務管理辦法(徵求意見稿)》) which aim to regulate the operation of the securities investment advisory service



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## INDUSTRY OVERVIEW

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industry and promote the healthy development of the industry to help create a favorable environment for the online investor content service market. In addition, policies such as Opinions on Further Promoting the Healthy Development of the Capital Market (《國務院關於進一步促進資本市場健康發展的若干意見》) issued by the State Council and Opinion Collection on Supervisions on Equity Fund Administrators (《公開募集證券投資基金管理人監督管理辦法(徵求意見稿)》) issued by the CSRC aim to promote the development of diversified financial products including futures, trusts and financial derivatives. With the continuous growth of individual investible financial assets, there is a great demand for professional online investor content services for investors to understand the market and make scientific investment decisions.

### Future Trends

The PRC online investor content service market has demonstrated the following trends:

- ***Shifting to equity products investment.*** Driven by the incentive of obtaining higher returns through investment, investors' investment portfolio is shifting from traditional low-risk investments to relatively high-risk associated instruments, such as securities, securities investment funds and index funds. Investors have increasing demand for online investor content services to help them choose suitable financial products and form investment portfolios to meet their diversified investment needs, and the online investor content service market is expected to further expand.
- ***Courses and products customization.*** Equipped with advanced technologies, online investor content service providers can better serve investors through analyzing information including their investing habits, knowledge base and investment expectations, identifying the pain points of different users and recommending suitable courses and products. The customization of courses and products is expected to achieve high customer satisfaction and is highly valued in the market.
- ***Development of companionship and learning communities.*** As more online investor content service providers launch learning communities, customers can find companionship by sharing their understandings, confusions and emotional feelings on individual investible financial assets related investments, which further stimulates their motivation to keep learning.
- ***Diversified content generating channels for investor to obtain information.*** With the development of MCN channels and the emergence of KOLs in various fields, there is an increasing number of channels for the production and dissemination of investment related contents. In addition to retrieving information from traditional medias such as presswork, broadcast or television, users are also gaining and sharing financial information via channels like social media or live streaming media in a more diversified and instant way.

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### THE PRC FINANCIAL INFORMATION SOFTWARE SERVICE MARKET

#### Overview

The financial information software services refer to services providing all sorts of financial market related information support, data analysis, investment decision-making support for both individual investors and institutional investors solely through software terminals. The PRC financial information software service market mainly comprises different software terminals including (i) individual investors' software terminals, and (ii) institutional investors' software terminals.

The individual investors' software terminals provide investors with financial market related information, data, analysis and intelligent tools, among others. Usually, users can access the software service terminals through both PC and mobile terminals, accessing all sorts of financial market related service through innovative technologies.

The institutional investors' software terminals provide daily securities trading information analysis, investment decision-making support, operation and maintenance systems for institutional investors including mutual funds companies, private equity companies and securities companies, among others.

In 2021, there were approximately 300 service providers in the financial information software service market in China. As for market fee range for packages of financial information software services, annual market fee varies significantly on different features and technologies implemented, with a typical one-year service product (which is most commonly subscribed) ranging from hundreds RMB to around a hundred thousand RMB.

#### Market Size

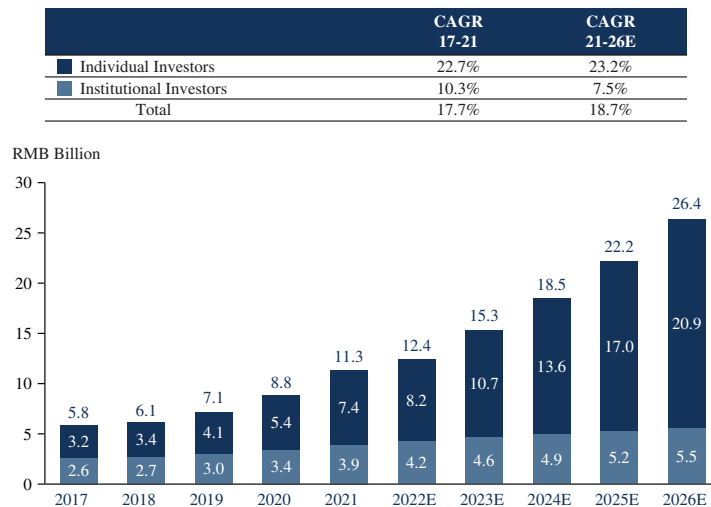
- The growth of the individual investor software service market is highly correlated with the growth of individual investible financial assets. With the rapid development of the financial market in China, the financial individual investors' software service market increased from RMB3.2 billion in 2017 to RMB7.4 billion in 2021, representing a CAGR of 22.7%, accounting for 65.5% of the total financial information software service market in 2021. Meanwhile, the growth of the institutional software service market is relatively stable, since the software terminals are regarded as part of the ordinary financial IT infrastructure of financial institutions. The institutional financial information software service market is expected to reach RMB3.9 billion in 2021 from RMB2.6 billion in 2017 at a CAGR of 10.3%, accounting for 34.5% of the total financial information software service market.
- In the first half of 2022, the recurrence of COVID-19 and the restriction measures taken by the government may result in unsatisfying performance of financial markets and affect investors' willingness for investment in the short term, which in turn may cause a temporary turbulence on the financial information software service market. In the long term, considering the recovery of economy from the pandemic after it is under control, restoration of investors' confidence, increase in personal

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wealth and improving regulatory environment and financial market, the financial information software service market is expected to maintain a sustainable growth in the forecasted period. The market size of financial information software service market in China is expected to reach RMB26.4 billion in 2026, representing a CAGR of 18.7%. The financial individual investors' software service market and institutional financial information software service market are expected to grow at CAGRs of 23.2% and 7.5% from 2021 to 2026.

The following chart sets forth the historical and forecast size of the PRC financial information software service market from 2017 to 2026:

**Size of the PRC Financial Information Software Service Market  
(by gross billing), 2017-2026E**



Source: Frost & Sullivan

### Market Drivers

#### ***Rising Demands with the Growth of Individual Investible Financial Assets***

With the growth of individual investible financial assets in China, the number of financial investors has increased rapidly, and the structure of individual investible financial assets and financial information categories are getting more complicated. Individual investors have higher expectations for financial information software services products, including higher data processing efficiency and more professional industry data analyzing services, which is not satisfied by the existing financial software service market. According to Frost & Sullivan, the number of individual investors in China is expected to reach 284.0 million in 2026 from 196.9 million in 2021 at a CAGR of 7.6%. The financial information software service market is expected to embrace a rapid growth with higher expectations from individual investors.

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### *Innovations in Information Technology Providing Favorable Technological Support*

The application of emerging technologies has enhanced the quality and efficiency of financial information software services, satisfying investors' expectations for customized financial information services. Many financial software service providers are leveraging big data and AI to develop online non-contact financial services, which further accelerate the development of the technology-based financial information service industry.

### *Favorable Policies on Financial Information Software Service Market*

As an integration of internet technology and financial services, the development of financial information software service market serves an important role in the PRC financial market. Since 2015, Chinese governments have promulgated a number of policies beneficial to the development of the information technology industry and financial market. For example, in July 2015, the State Council issued the Guidance of the State Council on Actively Promoting "Internet+" Action (《國務院關於積極推進“互聯網+”行動的指導意見》), proposing to actively support the development of the internet service market in China, aiming to establish a user-centered information software service market, and target to strengthen the integration of internet technology with various financial industry verticals. The introduction of favorable industrial policies on the financial information software service market supports the sustainable and healthy development of the industry.

### **Future Trends**

The PRC financial information software service market has demonstrated the following trends:

- ***Development of financial service IT infrastructures.*** The PRC regulatory authorities of the financial market require relevant enterprises to establish flexible and reliable financial service IT infrastructures to further empower their business. With the development of Sci-Tech Innovation Board, National Equities Exchange and Quotations and the fund investment advisory business, financial information software services providers will continue to improve their financial products, providing services including securities Apps, online transaction services, risk control systems, and AI investment advisory services. Leading financial information software providers will continue to invest heavily in R&D to improve the IT infrastructures, which will further improve the collaborative efficiency of the market.

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- ***Digitalization of the financial market.*** With the continuous growth of individual investible financial assets in China, many individual investors are spending more time on mobile and PC terminals. The level of digitalization of the market will continue to improve, as existing software service providers are trying to increase their competitive advantages through building more advanced and comprehensive financial ecosystems, including online community channels, investment advisory services, programmatic trading systems, among others. In the future, existing software service platforms in the industry are expected to accelerate the process of digital transformation, including online risk management, operation management and security maintenance, and seek diversification and refinement of financial software services to further facilitate the development of the market.
- ***Comprehensive regulatory policies.*** In recent years, comprehensive regulatory policies have been adopted to regulate the PRC financial information software service market. For example, Guideline on Managing the Information Technology of Securities and Fund Management Institutions (《證券基金經營機構信息技術管理辦法》) issued in December 2018 and amended in January 2021 by the CSRC clarifies the regulatory requirements on information technology governance, data governance and business compliance. In the future, financial regulatory agencies will supervise financial information software platforms through intelligent technologies, covering financial investment institutions and financial information providers serving individual and institutional investors.

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### COMPETITIVE LANDSCAPE

#### The PRC Online Investment Decision-making Solution Market

According to Frost & Sullivan, the size of the PRC online investment decision-making solution market in terms of gross billing in 2021 was RMB34,048.0 million. The top five players in the PRC online investment decision-making solution market accounted for an aggregate market share of 25.5%. We ranked as the second largest online investment decision-making solution provider in China with a market share of 5.9% in 2021. The following chart sets forth the details of market shares of China's top five online investment decision-making solution players in 2021:

Rank	Company	Gross Billing (RMB Million)	Market Share
1	Company A	2,483.7	7.3%
2	<b>The Company</b>	<b>2,001.2</b>	<b>5.9%</b>
3	Company B	1,966.4	5.8%
4	Company D	1,239.8	3.6%
5	Company J	982.3	2.9%
	Others	25,374.6	74.5%
	<b>Total</b>	<b>34,048.0</b>	<b>100.0%</b>

*Note:*

The identities of peer companies are presented in code names as the amounts of gross billing, of both public and private companies, used in the above rankings are non-public information, which were estimated based on Frost & Sullivan's primary interviews and calculations. As we have not acquired consent from these companies, unauthorized disclosure may cause potential disputes.

Company A provides financial information software services and was established in 2005 with headquarter located in Shanghai, China. In Mainland China, the company's customers include large numbers of securities companies, fund management companies, insurance companies and individual investors. The company is an unlisted company with gross billing of RMB2,483.7 million for financial information software services in 2021.

Company B mainly provides financial information software services and was established in 2001 with headquarter located in Hangzhou, China. The company's main business is to provide software products, system maintenance services, financial data services and promotion services for institutional customers and individual investors. The company has been listed since 2009 and is currently a listed company on the Shenzhen Stock Exchange, with gross billing of RMB1,966.4 million for online investment decision-making solution services in 2021.

Company D provides online financial literacy education services and was established in 2017 with headquarter located in Beijing, China. The company develops online live class intelligent grinding system, online live class intelligent interactive auxiliary system, content security intelligent review system and intelligent advertising decision-making system. The company is an unlisted company with gross billing of RMB1,239.8 million for online financial literacy education services in 2021.

Company J is a financial information software services provider in China and was established in 1997 with headquarter located in Beijing, China. Additionally, the company has expanded its business coverage into advertising services and insurance brokerage services. The company has been listed since 2019 and is currently a listed company on the Shenzhen Stock Exchange, with gross billing of RMB982.3 million for online investment decision-making solution services in 2021.

*Source: Frost & Sullivan*

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### The PRC Online Investor Content Service Market

According to Frost & Sullivan, the size of the PRC online investor content service market in terms of gross billing in 2021 was RMB12,416.7 million. The top five players in the PRC online investor content service market accounted for an aggregate market share of 29.6%. We ranked as the largest online investor content service provider in China with a market share of 11.2% in 2021. The following chart sets forth the details of market shares of China's top five online investor content service players in 2021:

Rank	Company	Gross Billing (RMB Million)	Market Share
1	The Company	1,390.7	11.2%
2	Company D	1,239.8	10.0%
3	Company F	456.0	3.7%
4	Company C	316.8	2.6%
5	Company G	263.5	2.1%
	Others	8,749.9	70.4%
	<b>Total</b>	<b>12,416.7</b>	<b>100.0%</b>

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*Note:*

Company F provides a range of online high-end investor education services and was established in 2002 with headquarter located in Shanghai, China. The company is mainly engaged in providing online financial investment related services through software products. The major products and services of the company consist of investment consulting services and personal financial education services based on PC and mobile terminals. The company has been listed since 2015 and is currently a listed company on the National Equities Exchange and Quotations, with gross billing of RMB715.0 million for online investment decision-making solution services in 2021.

Company C provides online financial literacy education services and was established in 2019 with headquarter located in Beijing, China. The company provides the basic knowledge of wealth management through live broadcast, audio and other forms. The company is an unlisted company with gross billing of RMB316.8 million for online financial literacy education services in 2021.

Company G provides a range of online high-end investor education services and was established in 2013 with headquarter located in Shanghai, China. The company provides customized online high-end investor education courses with professional instructors and customer support team. The major products and services of the company include public live-streaming courses and private one-on-one lessons. The company is an unlisted company with gross billing of RMB263.5 million for online high-end investor education services in 2021.

*Source: Frost & Sullivan*

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According to Frost & Sullivan, the size of the PRC online high-end investor education service market in terms of gross billing was RMB4,309.2 million in 2021. The top three players in online high-end investor education service market accounted for an aggregate market share of 48.6%. We were the largest online high-end investor education services providers in China with a 31.9% market share in 2021. The following chart sets forth the details of market shares of China's top three online high-end investor education services providers in 2021:

Rank	Company	Gross Billing (RMB Million)	Market Share
1	The Group	1,373.0	31.9%
2	Company F	456.0	10.6%
3	Company G	263.5	6.1%
	Others	2,216.7	51.4%
	<b>Total</b>	<b>4,309.2</b>	<b>100.0%</b>

Source: Frost & Sullivan

The size of the PRC online financial literacy education service market in terms of gross billing was RMB8,107.5 million in 2021. In 2021, the top five players accounted for 22.7% of market shares in terms of gross billing.



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In 2021, the top five online financial literacy education service providers were Company D, Company C, Company E, Company I and Company H, with market shares of 15.3%, 3.9%, 1.7%, 1.1% and 0.7%, respectively. With gross billing of RMB17.7 million for online financial literacy education services, the Company had a market share of 0.2% in 2021. The following chart sets forth the details of market shares of China's top five online financial literacy education services providers in 2021:

Rank	Company	Gross Billing (RMB Million)	Market Share
1	Company D	1,239.8	15.3%
2	Company C	316.8	3.9%
3	Company E	134.4	1.7%
4	Company I	90.0	1.1%
5	Company H	54.0	0.7%
	Others	6,272.5	77.3%
	<b>Total</b>	<b>8,107.5</b>	<b>100.0%</b>

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*Note:*

Company E provides online financial literacy education services and was established in 2011 with headquarter located in Shanghai, China. The company focuses on providing financial knowledges and asset management skills for investors who have little financial market related knowledge. The company is an unlisted company, with gross billing of RMB134.4 million for online financial literacy education services in 2021.

Company I provides investors with online financial literacy education services through channels including graphic, radios, books, audios and videos, etc., and was established in 2013 with headquarter located in Shanghai, China. The company is an unlisted company with gross billing of RMB90.0 million for online financial literacy education services in 2021.

Company H provides investors with online financial literacy education services including securities investment education and insurance planning, and was established in 2017 with headquarter located in Beijing, China. The company has built professional expert teams and implemented advanced technologies into its services. The company is an unlisted company with gross billing of RMB54.0 million for online financial literacy education services in 2021.

According to Frost & Sullivan, the size of the PRC financial information software service market in terms of gross billing was RMB11,223.4 million in 2021. In 2021, the top five players accounted for 50.6% market share in terms of gross billing.

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In 2021, the top five financial information software services providers are Company A, Company B, Company J, the Company, and Company K, which have market shares of 22.1%, 11.6%, 7.9%, 5.4%, and 3.6%, respectively. The following chart sets forth the details of market shares of China's top five financial information software services providers in 2021.

Rank	Company	Gross Billing (RMB Million)	Market Share
1	Company A	2,483.7	22.1%
2	Company B	1,301.5	11.6%
3	Company J	884.1	7.9%
4	<b>The Group</b>	<b>610.5</b>	<b>5.4%</b>
5	Company K	404.0	3.6%
	Others	5,539.6	49.4%
	<b>Total</b>	<b>11,223.4</b>	<b>100.0%</b>

*Note:*

Company K provides financial information software services with its strong technical research and development capabilities and rich experiences in financial information software service market, and was established in 2000 with headquarter located in Shanghai, China. The company has been listed since 2011 and is currently a listed company on the Shanghai Stock Exchange with gross billing of RMB404.0 million for financial information software services in 2021.

### Competition between the Group and its direct competitors:

- **Product offerings:** given that there has formed a tendency that individual investors are becoming more willing to pay for quality financial investment knowledge, our Group has maintained a favorable competitive position in the market in terms of the extensiveness and in-depth of product offerings:
  - *Comprehensiveness:* among the major players in the market, our Group is the only one to have its offerings cover online high-end investor education services, financial literacy education services and financial information software services, allowing us to reach a broader customer base. Our Group also provides one of the most diversified packages in the industry, containing extensive content that is able to meet the needs of individual investors throughout their investment lifecycle, from basic financial investment information to sophisticated analytical techniques. Among the major players in the online investment decision-marking solution market, including Company A, Company B, Company D and Company J, we offer the most number of courses. As of October 31, 2022, our Group's online high-end investor education services had offered over 2,230 recorded video lessons with more than 55,820 minutes in total, and over 3,890 livestreaming broadcasts totaling over 109,670 minutes. Those contents are offered in a variety of formats, including recorded courses, livestreaming broadcasts and one-on-one communications.

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– *In-depth*: instead of merely offering market data and offering various indicators, our Group strives to provide investors with valuable and in-depth financial knowledge while charging comparable prices as other players do, which would help to attract more customers. Through online courses, case studies, and daily market reviews, investors can quickly master the essence of the complicated concept. Particularly, leveraging our profound expertise accumulation, certain premium/deluxe packages of our Group offer one-on-one advisory services, which have gained popularity among investors with personalized needs, setting us aside from other players.

- **Professional capabilities**: to ensure continuous output of quality content, online investor content service providers and financial information service providers need to maintain strong in-house professional content development capabilities. Our Group has been dedicated to developing content development capability for years. Our Jiufang Research Institute is one of the most competent content development team in the market, allowing us to deliver quality products efficiently. As of October 31, 2022, Jiufang Research Institute had 115 professionals with various experience in research, investment and other financial fields. Our Jiufang Research Institute covers areas including macro politics and economics, industries, companies, and financial engineering. In addition, As of October 31, 2022, our Group had 211 employees with the securities investment advisor qualification granted by SAC, ranking first among the 81 companies with Securities Investment Advisory License, according to the information displayed on the official website of SAC, enabling us to provide tailored and professional services to meet personalized demands of individual investors.
- **Traffic matrix**: it is essential for online investor content service providers and financial information service providers to utilize various media channels to acquire new customers. Being one of the first players in the industry to establish and operate a traffic matrix, our Group has obtained a first-mover advantage in terms of increasing online exposure, promoting new products as well as attracting potential customers. After years of efforts, our Group has built an industry-leading traffic matrix covering both traditional media and emerging MCN channels. In addition, we also operate Smart Selection (會選股), one of the major internet terminals with mobile versions that we use to distribute content to attract potential customers. According to Frost & Sullivan, with an average MAU of 0.7 million, our Smart Selection (會選股) mobile App ranked ninth in 2021 among online financial investment services mobile Apps that are operated by parties independent from securities institutions in China. With content-generating capabilities and effective big-data analytics, our Group has achieved optimal customer conversion results compared to the traditional methods adopted by other players, proved by our strong

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track record and rapid revenue growth. The following chart sets forth the details of traffic channels of China's top five online investor content service players as of October 31, 2022:

### Comparison of Traffic Channels of Major Players

Online Investor Content Service Providers		 The Company	Company C	Company D	Company E	Company F
Traditional Media	a. TV	✓	✗	✗	✗	✗
	b. Radio	✓	✗	✗	✗	✓
MCN Channels	a. Videos	✓	✓	✓	✓	✓
	b. Online Radios	✓	✓	✓	✓	✓
	c. Social Media Platforms	✓	✓	✓	✓	✓
Self-owned Internet Terminals	a. Mobile Apps	✓	✓	✓	✓	✓
	b. PC Software	✓	✗	✗	✗	✓
	c. Web	✓	✓	✓	✓	✓

\* The comparison result above is based on competitors' situation as of October 31 2022

Source: Frost & Sullivan

#### Competition between the Group and other players:

- Other indirect competitors mainly focus on selling securities and funds products to their customers for commissions. They may also provide some general financial and economic news and information as a supplement to their main offerings, which may have some indirect competitions with the Group's business. The Group as an online investment decision-making solution service provider offers online courses, livestreaming broadcasts, market reviews, as well as various premium services such as one-on-one advisory services, which can address the compressive needs of investors in their day-to-day investment activities, ranging from basic wealth management knowledge to advanced investment practicing skills. As a result, the Company has different business models and product offerings compared to those of indirect competitors.

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### SOURCES OF THE INDUSTRY INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report upon, the online investment decision-making solution, online investor content service and financial information software service markets in China for use in this prospectus, which was commissioned by us for a fee of RMB1,520,000. Frost & Sullivan prepared its report based on data released by government institutions and non-government organizations and its primary research. Forecasts and assumptions included in the Frost & Sullivan Report are inherently uncertain because of events or combinations of events that cannot be reasonably foreseen, including, without limitation, the actions of government, individuals, third parties and competitors. Specific factors that could cause actual results to differ materially include, among other things, risks inherent in the online investment decision-making solution, online investor content service and financial information software services industries in China, financing risks, labor risks, supply risks, regulatory risks and environmental concerns. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report and up to the date of this prospectus that would materially qualify, contradict or have an impact on such information.

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We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC.

### PRC REGULATIONS RELATING TO SECURITIES INVESTMENT ADVISORY BUSINESS

Under the Securities Law of the PRC (《中華人民共和國證券法》) promulgated on December 29, 1998, last amended on December 28, 2019 and the Interim Measures for the Administration of Securities and Futures Investment Advisory Businesses (《證券·期貨投資諮詢管理暫行辦法》) promulgated on December 25, 1997, organizations engaging in securities investment advisory business shall be subject to approval by the CSRC; without approval, they shall not provide any advisory services for securities trading and the relevant activities. Organizations engaging in other securities service businesses shall file records with the securities regulatory authority of the State Council and the relevant State Council departments.

On October 12, 2010, the CSRC issued the Interim Provisions on the Securities Investment Advisory Business (《證券投資顧問業務暫行規定》), which was amended on March 20, 2020 and October 30, 2020. The provisions require that any company or institution which provides securities investment advisory services shall enter into a securities investment advisory service agreement with a client, and assign a serial number to each agreement. Also, securities investment advisors shall not give investment advice on the purchase, sale, or holding of any specific securities on public media such as radio, television, Internet, newspapers and periodicals.

Besides the above laws and regulations, the CSRC issued a series of regulatory documents to regulate the acts of securities companies and securities investment advisory institutions in the securities investment advisory business, protect the legitimate rights and interests of investors, and maintain the order of the securities market, including the Notice on Several Issues Concerning Regulating the Securities Investment Advisory Business Activities Conducted for the Public (《關於規範面向公眾開展的證券投資諮詢業務行為若干問題的通知》), promulgated on October 11, 2001 and amended on October 30, 2020, Interim Provisions on the Release of Securities Research Reports (《發佈證券研究報告暫行規定》), promulgated on October 12, 2010 and amended on March 20, 2020, and the Interim Provisions on Strengthening the Supervision over Securities Investment Advisory Services Using “Stock Picking Software” (《關於加強對利用“薦股軟件”從事證券投資諮詢業務監管的暫行規定》), promulgated on December 5, 2012 and amended on March 20, 2020 and October 30, 2020. Pursuant to the relevant regulatory documents, any institution or individual that intends to engage in the securities services of analysis, prediction or suggestion to the public, in oral or writing, via network or in any other form recognized by the CSRC with respect to the trend of the securities market and securities products as well as the feasibility of securities investment, must obtain a certificate of qualification for securities investment advisory business from the CSRC or be engaged by an organization that has obtained the said certificate and meet the relevant practice requirements. As of May 1, 2016, ten licenses issued by the CSRC and its

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local offices have been integrated into the Securities and Futures Business License, including the qualification certificate for securities investment advisory business, trading business in foreign capital shares, specific client asset management business and other securities and futures business. Furthermore, strict requirements were set to force on securities companies and securities investment advisory institutions with respect to the activities of releasing securities research reports and using “stock picking software”. Regarding the release of securities research reports, securities companies and securities investment advisory institutions shall not spread false, untrue or misleading information, and shall not be engaged or participate in insider trading and manipulation of securities market. “Stock picking software” means software products, software tools or terminal units with one or more of the following securities investment advisory service functions: (i) Providing investment analysis opinions regarding specific securities investment varieties or predicting the price trend of specific securities investment varieties; (ii) Providing suggestions on the selection of specific securities investment varieties; (iii) Providing suggestions on the trading opportunities for specific securities investment varieties; and (iv) Providing any other securities investment analysis, predictions or suggestions. Securities investment advisory institutions that obtain benefit, directly or indirectly, by selling or providing “stock picking software” to investors, shall be deemed to be engaged in the securities investment advisory business, which shall satisfy the relevant regulatory requirements.

The Provisions on the Administration of Recordation of Securities Service Institutions Engaging in Securities Services (《證券服務機構從事證券服務業務備案管理規定》) which was jointly issued on July 24, 2020 by the CSRC, the MIIT, Ministry of Justice and MOF and took effect on August 24, 2020 has further strengthened the supervision and management of securities service agencies any engaged in securities service business activities. It aims to maintain the order of the securities market by regulating relevant institutions’ record-filing procedures with the CSRC and the relevant departments of the State Council. Furthermore, pursuant to Opinions on the Application of Article 9 of the Provisions on the Administration of Recordation of Securities Service Institutions Engaging in Securities Services – opinions on Application of Securities and Futures Laws No. 16 (《<證券服務機構從事證券服務業務備案管理規定>第九條的適用意見 – 證券期貨法律適用意見第16號》) that was issued and took effect on October 16, 2020, where securities companies and investment advisory institutions rent third-party network platforms to provide investors with securities brokerage, securities investment advisory and other securities services, the operation and management of the relevant third-party network platforms shall be regarded as a daily security management for the operation and maintenance of important information systems, and the record-filing procedures with the CSRC shall also be required.

On April 17, 2020, the CSRC issued the Measures for the Administration of Securities and Fund Investment Advisory Services (Draft for Comments) (《證券基金投資諮詢業務管理辦法(徵求意見稿)》) (the “**Draft Administrative Measures**”). The time of feedback expired on May 17, 2020. As of the Latest Practicable Date, the final version and the effective date of the Draft Administrative Measures were still pending. The stricter new requirements of the Draft Administrative Measures are mainly as follows:

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### 1. Enhanced Admission Threshold

The Draft Administrative Measures raised the admission threshold of the securities and fund investment advisory business. The details are as follows:

<b>Admission Threshold</b>	<b>Impact/Applicability</b>
Net assets of an applicant shall not be less than RMB100 million.	According to the financial reports we submitted to the Shanghai Bureau of CSRC, as of October 31, 2022, the amount of net assets of Shanghai Jiufangyun complied with the proposed new admission threshold on net assets. If the Draft Administrative Measures takes effect in its current form, our Directors do not foresee any material impediments for the Shanghai Jiufangyun to keep the level of its net assets above the proposed new threshold.
The applicant shall not have been subject to material regulatory measures and penalties in the preceding three years or since inception (in case the applicant has been established for less than three years), or to any pending investigations or rectification due to material noncompliance.	<p>Shanghai Jiufangyun has completed relevant rectifications at the request of the Shanghai Bureau of CSRC and its local offices in May 2019. See “Business – Legal proceedings and compliance”.</p> <p>According to the CRSC Letter, Shanghai Jiufangyun has not been involved in any administrative punishment and investigations due to any violation of the laws, regulations, policies and normative documents relevant to the national securities supervision and administration since March 1, 2018 (the date after Shanghai Jiufangyun moved to Shanghai).</p> <p>Pursuant to the CSRC Letter, our internal compliance records and the independent searches of the public records of the CSRC conducted by our PRC Legal Advisor, Shanghai Jiufangyun has not been subject to material regulatory measures and penalties in the last three years or since inception, or to any pending investigations or rectification due to material incompliance.</p>



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### Admission Threshold

Requirements on internal control compliance have been reiterated or strengthened, including the clarity of ownership structure, soundness of corporate governance and internal control system, and satisfaction by managers and employees of stipulated criteria, and on conditions of business premises, information technology systems and business facilities.

New requirements on the qualification of major shareholders are proposed, among which, shareholders holding no less than 5% of the applicant shall each have net assets not lower than RMB50 million, and the controlling shareholder shall be profitable in the three consecutive years preceding the application, with net assets no less than RMB500 million and shall not be subject to material regulatory measures and penalties.

A transitional period of five years will be given to shareholders who have held shares in securities and fund investment advisory institutions prior to the implementation of the Draft Administrative Measures.

### Impact/Applicability

We have already met the requirements that our employees, including personnel engaged in sales and marketing department who provide services directly to customers, should be qualified. See “Business – Employees”.

Our Directors are of the view that we have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations and strived to maintain a robust compliance culture and have created a strong compliance work atmosphere, and will make every effort to meet the requirements set by the Draft Administrative Measures if implemented in its current form.

Notwithstanding, the effective date of the Draft Administrative Measures is still pending. Jiufangyun, as the operating company of us, has a healthy business model, that enabled us to generate stable operating cash flow and remain profitable during the Track Record Period. Therefore, our Directors are of the view that, with a five-year transitional period, we are capable of meeting the requirements by distributing dividends from Jiufangyun to its controlling shareholder, Shanghai Fudong.

## 2. Requirements on the operation of the securities investment advisory business

The Draft Administrative Measures set out the code of conduct for the relevant institutions and personnel in the investment advisory business in terms of affiliated transactions, business scope, establishment of branches, conduct for personnel, information

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system requirements, priority of clients' interests, performance of suitability management obligations, outsourcing restrictions, withdrawal of risk reserves, data storage, information submission and audit, filing management and other matters. For example:

- Securities and fund investment advisory institutions shall operate independently and separately from their shareholders, actual controllers or other related parties in terms of venue, personnel, business and finance, and shall not provide financing or guarantees for their shareholders, actual controllers or other related parties.
- Personnel engaged in securities investment advisory business such as business promotion, customer solicitation, contract signing, formation and provision of investment advice or research reports and complaint handling shall obtain practitioner qualification or conduct registration in accordance with the relevant law and regulations.
- The Draft Administrative Measures prohibited business activities such as misleading publicity, lending or transferring licenses, illegally promising earnings, illegally agreeing with customers on income sharing, enticing customers to excessive trading, and other securities and fund business activities that violate laws and regulations.
- Securities fund investment advisory institutions shall sign a written contract with the customer for providing securities fund investment advisory services, which shall stipulate the service methods, payment of fees and remuneration, liability for breach of contract, complaint handling, etc., and clarify the rights and obligations of all parties.

Though there are no detailed implementation rules or guidance from regulatory authorities for the above principled compliance requirements, with the assistance of our PRC Legal Advisor and our internal control consultants, we have implemented strict policies and internal procedures to ensure compliance with the above requirements. See “Business – Risk management and internal control”.

We are in a highly-regulated industry and as a holder of the securities and future business license issued by the CSRC for years, we have been under inspections by the CSRC and its local counterparts and have been paying close attention to the legislative and regulatory developments in respect of the securities investment advisory business to ensure timely response to new compliance requirements.

Considering the efforts being made to fulfill the requirement of the Draft Administrative Measures, our good compliance record pursuant to the CSRC Letter, and our interaction with the regulatory authority and legislation development in the past, as advised by our PRC Legal Advisor, our Directors are of the view that as long as we timely react to the new regulatory requirements by taking efficient measures to ensure compliance, the Draft Administrative Measures (if implemented in the current form) will not have any material adverse impact on our business operations and financial performance.

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However, we cannot give any assurance whether the actions we have taken and our operation status will fully meet any new requirements in the final Administrative Measures and relevant rules that the government authorities may impose on us in the future. See “Risk Factors – We are subject to extensive and evolving regulatory requirements in the industries we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses, and consequently may materially and adversely affect our business, financial condition, operations and prospects.”

Besides the regulatory documents issued by CSRC, the SAC also issued a series of industry regulations to promote the standardized development of securities investment advisory institutions. The Notice on Broadening the Business Scope of Securities Investment Advisory Companies (《關於拓寬證券投資諮詢公司業務範圍的通知》) that was issued and took effect on January 19, 2015 provided rules for securities investment advisory companies while participating in the business related to the National Equities Exchange and Quotations and carrying out related private equity business. The Notice of Issuing the Standards of Practice for Securities Investment Advisory Institutions (for Trial Implementation) (《關於發佈〈證券投資諮詢機構執業規範(試行)〉的通知》) by the SAC which was promulgated and took effect on June 3, 2019, and was partly revised on May 10, 2022 or the SAC Notice 147, sets forth specific standards and requirements for advisory institutions conducting investment advisory business, and requires the establishment of an information segregation system between lines of business that may have conflicting interests. Pursuant to the SAC Notice 147, any personnel of a securities investment advisory institution who provides customers with securities investment advisory services shall meet the relevant conditions and be registered with the SAC as engaging in securities investment advisory. Any marketing, customer service, or other business personnel engaged in securities investment advisory business who provide services directly for customers, but do not advise customers on investment shall meet the relevant conditions and be registered with the SAC as engaging in securities practice (general). Also, the SAC Notice 147 requires the establishment of compliance management system to conduct compliance review of the establishment of branch offices, personnel qualifications, prevention of conflicts of interest, and clarifies the SAC’s practice inspections and self-regulatory disciplinary measures against institutions and personnel that violate the rules. The CAC issued the Provisions on the Administration of Financial Information Services (《金融信息服務管理規定》) (the “**FIS Provisions**”) in December 2018, which aims at strengthening the content management of financial information services. For the purposes of these Provisions, “financial information services” refer to the services of providing information and/or financial data that may affect the financial market to users engaged in financial analysis, financial transactions, financial decision-making or other financial activities. Pursuant to the FIS Provisions, the general regulatory compliance requirements for financial information service providers’ conducts and the relevant information are reiterated; where any financial information service provider violates the relevant provisions, the CAC or the local cyberspace administration shall, according to its functions, hold a regulatory talk with it, issue a public censure, order it to take corrective action, include it in the list of dishonest entities or impose an administrative penalty on it. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data or personal information leakage or loss,

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infringement of data or personal information, or information security incident, nor have we been subject to any material administrative penalties for cybersecurity, data security and personal information protection. As advised by our PRC Legal Advisor, the Group is in compliance with the FIS provision in material respects during the Track Record Period and up to the Latest Practicable Date.

### PRC REGULATIONS RELATING TO MOBILE INTERNET APPLICATIONS INFORMATION SERVICES

In addition to the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), amended and effective starting from February 6, 2016, Apps are specially regulated by the Provisions on the Administration of Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》), which was promulgated by the CAC, on June 28, 2016, amended on June 14, 2022 and became effective on August 1, 2022. The provisions set forth the relevant requirements for the App information service providers and App store service providers, including establishing sound information content review and management mechanism, establishing sound management measures such as user registration, account management, information review, daily inspection and emergency disposal and being staffed with professionals and technical abilities appropriate to the service scale. The CAC and its local branches shall be responsible for the supervision and administration of nationwide and local App information, respectively.

Under the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (《移動智能終端應用軟件預置和分發管理暫行規定》), which was promulgated by the MIIT on December 16, 2016 and took effect on July 1, 2017, the internet information service provider is also required to ensure that an App, as well as its ancillary resource files, configuration files and user data, can be conveniently uninstalled by its users, unless it is a basic function software (i.e., software that supports the normal functioning of hardware and operating system of a mobile smart device).

On March 13, 2019, the SAMR and Office of the Central Cyberspace Affairs Commission jointly issued the Notice on App Security Certification (《關於開展App安全認證工作的公告》) and the Implementation Rules on Security Certification of Mobile Internet Application (《移動互聯網應用程序(App)安全認證實施規則》), which encourages mobile Apps operators to voluntarily obtain App security certification, and search engines and App stores are encouraged to recommend certified applications to users.

The MIIT issued the Notice on the Further Special Rectification of Apps Infringing upon Users' Personal Rights and Interests (《關於開展縱深推進APP侵害用戶權益專項整治行動的通知》), or the Further Rectification Notice on July 22, 2020. The Further Rectification Notice requires that certain conducts of App service providers should be inspected with respect to (i) collecting personal information without the user's consent, collecting or using personal information beyond the necessary scope of providing services, and forcing users to receive advertisements; (ii) requesting user's permission in a compulsory and frequent manner, or frequently launching third-party apps; and (iii) deceiving and misleading users into

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downloading apps or providing personal information. The Further Rectification Notice also set forth that the period for the regulatory specific inspection on apps and that the MIIT will order the non-compliant entities to modify their business within five business days, or otherwise to make public announcement to remove the apps from the App stores and impose other administrative penalties. Under the Administrative Provisions on the Production and Operation of Radio and Television Programs (《廣播電視節目製作經營管理規定》) promulgated by the State Administration of Radio on July 19, 2004 and recently amended in December 2020, it is provided that an entity is required to hold the license for Production and Operation of Radio and Television Programs (the “**RTPPO License**”) if it is engaged in (i) the production and operation of broadcasting television programs, or undertake activities, such as the production of features, columns, variety shows, animations, radio dramas, TV dramas or other broadcasting television programs, or (ii) copyright transactions (directly or as an agent) of such programs.

### **PRC REGULATION RELATED TO INTERNET SECURITY AND PRIVACY PROTECTION**

On May 28, 2020, the National People’s Congress approved the Civil Code of the PRC (《中華人民共和國民法典》), or the Civil Code, personal information refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify specific natural persons, including the natural persons’ names, dates of birth, ID numbers, biometric information, addresses, telephone numbers, e-mail addresses, health information, whereabouts, etc. The personal information of a natural person shall be protected by the law. Any organization or individual shall only legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others.

The Decision in Relation to Protection of Internet Security (《關於維護互聯網安全的決定》) enacted by the SCNPC on December 28, 2000, and amended on August 27, 2009, provides that, among other things, the following activities conducted through the Internet, if constitutes a criminal act under PRC laws, are subject to criminal punishment: (i) hacking into a computer information system relating to state affairs, national defense or cutting-edge science and technology of strategic importance; (ii) intentionally inventing or spreading destructive programs such as computer viruses to attack the computer system or the communication network, thus, damaging the computer system and the communications networks; (iii) in violation of State regulations, discontinuing the computer network or the communications service without authorization, as a result of which the computer network or communication system cannot function normally; (iv) leaking state secrets through the internet; (v) spreading false commercial information on products or goods through the Internet; or (vi) infringing intellectual property rights through the internet.

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The PRC government regulates the security and confidentiality of internet users' information. The Administrative Measures on Internet Information Service (《互聯網信息服務管理辦法》) promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, the Regulations on Technical Measures of Internet Security Protection (《互聯網安全保護技術措施規定》) promulgated by the Ministry of Public Security, or the MPS on December 13, 2005 and the Provisions on Protecting Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) promulgated by the MIIT on July 16, 2013, set forth strict requirements to protect personal information of internet users and require internet information service providers to maintain adequate systems to protect the security of such information. Personal information collected must be used only in connection with the services provided by the internet information service provider. Moreover, the Rules for Regulating the Order in the Market for Internet Information Service (《規範互聯網信息服務市場秩序若干規定》) which was promulgated by the MIIT on December 29, 2011 and came into effect on March 15, 2012 also protect internet users' personal information by (i) prohibiting internet information service providers from unauthorized collection, disclosure or use of their users' personal information, and (ii) requiring internet information service providers to take measures to safeguard their users' personal information.

On June 22, 2007, the MPS, the National Administration of State Secrets Protection and other relevant authorities jointly issued the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》), which divides information systems into five categories and requires the operators of information systems ranking above Grade II to file an application with the local Bureau of Public Security within 30 days of the date of its security protection grade determination or since its operation.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law, which came into effect on June 1, 2017 and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. The Cybersecurity Law defines “networks” as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with certain rules and procedures. “Network operators,” who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations, including: (i) complying with security protection obligations in accordance with tiered cybersecurity system's protection requirements, which include formulating internal security management rules and manual, appointing cybersecurity responsible personnel, adopting technical measures to prevent computer viruses and cybersecurity endangering activities, adopting technical measures to monitor and record network operation status and cybersecurity events; (ii) formulating cybersecurity emergency response plans, timely handling of security risks, initiating emergency response plans, taking appropriate remedial measures and reporting to regulatory authorities; and (iii) providing technical assistance and support for public security and national security authorities for protection of national security and criminal

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investigations in accordance with the law. Network service providers who do not comply with the Cybersecurity Law may be subject to fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the SCNPC on December 28, 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), issued by the MIIT on July 16, 2013, any collection and use of a user's personal information must be subject to the consent of the user, be legal, rational and necessary and be limited to specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering, or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》), issued on April 23, 2013, and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), which was issued on May 8, 2017 and took effect on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

Pursuant to the Measures for Cybersecurity Review (2020) (《網絡安全審查辦法(2020)》) promulgated by the CAC and certain other PRC regulatory authorities in April 2020, which took effect in June 2020, CIOs must pass a cybersecurity review when purchasing network products and services that affect or may affect national security. On December 28, 2021, the CAC, jointly with the other 12 governmental authorities, promulgated the Measures for Cybersecurity Review (2021) (《網絡安全審查辦法(2021)》) (the "MCR"), which became effective on February 15, 2022. According to the MCR, (i) the purchase of cyber products and services by CIO, and the data processing activities by an online platform operator, to the

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extent that affects or may affect national security, will be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) an online platform operator who handles personal information of more than one million individual users shall apply for a cybersecurity review before listing of the operator's securities in a foreign country (國外上市); and (iii) the relevant governmental authorities may initiate a cybersecurity review if such governmental authorities believe that a network product or service or data processing activity affect or may affect national security.

The Data Security Law was promulgated by the SCNPC on June 10, 2021, and became effective on September 1, 2021. The Data Security Law sets forth the regulatory framework and the responsibilities of the relevant governmental authorities in regulating data security. It provides that the central government shall establish a central data security work liaison system, which shall coordinate the relevant authorities covering different industries to formulate the catalogs of key data, and the special measures that shall be taken to protect the security of the key data. In addition, the Data Security Law provides that important data processors shall appoint a data security officer and a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities. Violation of Data Security Law may subject the relevant entities or individuals to warning, fines, business suspension, revocation of permits or business licenses, or even criminal liabilities. On November 14, 2021, the Regulations on the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the “**Draft Cyber Data Security Regulations**”) was promulgated by the CAC for public comments until December 13, 2021, and as of the Latest Practicable Date, it has not been formally adopted. Article 13 of the Draft Cyber Data Security Regulation requires data processors that carry out the following activities to apply for the cybersecurity review procedures in accordance with the relevant laws and regulations: (i) merger, reorganization or division of internet platform operators that have gathered a large number of data resources related to national security, economic development and public interests that affect or may affect national security; (ii) seeking of listing in foreign countries by data processors who process the personal information of at least one million individual users; (iii) listing of the data processor in Hong Kong which affects or may affect the national security; and (iv) other data processing activities that affect or may affect national security. In addition to the cybersecurity review procedures mentioned above, the Draft Cyber Data Security Regulations also specify the principles for data processors to carry out data processing activities, relevant measures to be taken and mechanisms to be established.

In addition, the SCNPC promulgated the Personal Information Protection Law on August 20, 2021, which became effective on November 1, 2021. The Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law and promoting the reasonable use of personal information. According to the Personal Information Protection Law, personal information is all kinds of information, recorded by electronic or other means, related to identified or identifiable natural persons, not including information after anonymization handling. The Personal Information Protection Law



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specifically specified the rules for handling sensitive personal information, including biometrics, religious beliefs, specific identities, medical health, financial accounts, whereabouts, personal information of teenagers who are under 14 years and other personal information which, if once leaked or illegally used, might easily lead to the infringement of personal dignity or harm personal and property safety, are only allowed provided such activities are purpose-specified, highly necessary and strictly protected. Personal information handlers shall bear responsibility for their personal information handling activities and adopt the necessary measures to safeguard the security of the personal information they handle. Otherwise, the personal information handlers will be ordered to correct, or suspend or terminate the provision of services, confiscation of illegal income, fines or other penalties.

On July 7, 2022, the CAC promulgated the Data Cross Border Measures, which took effect on September 1, 2022. These measures require a domestic data processor providing data overseas which falls under any of the following circumstances to apply for security assessment of cross-border data transfer with the national cybersecurity authority through its local counterpart: (i) where the data processor intends to provide important data overseas; (ii) where a critical information infrastructure operator or a data processor who has processed personal information of more than 1,000,000 individuals intends to provide personal information overseas; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients accumulatively since January 1 of the last year intends to provide personal information overseas; and (iv) other circumstances where security assessment of data cross-border transfer is required as prescribed by the CAC.

### PRC REGULATION RELATED TO OVERSEAS LISTING

On February 17, 2023, the CSRC published the new regulations for the filing-based administration of overseas securities offering and listing by domestic companies, which will come into effect on March 31, 2023. The newly released set of regulations consists of 6 documents, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Overseas Listing Measures**”) and 5 supporting guidelines, along with the Notice of the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) (the “**Filing Arrangements Notice**”). The Trial Overseas Listing Measures require, among others, that PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted. However, pursuant to the Filing Arrangements Notice, in case where the application submitted by a domestic company for indirect overseas securities offering and listing has acquired the approval of relevant overseas regulators or stock exchanges (i.e. passing the hearing of the Listing Committee of The Stock Exchange of Hong Kong Limited) which is not required to be reacquired and the overseas securities offering and listing could complete before September 30, 2023, such

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applicants, which are called as “the stock enterprises (存量企業)”, do not required to apply for the filing immediately until subsequent filing such as refinancing shall be completed as required. As of the Latest Practicable Date, the Trial Overseas Listing Measures have not yet come into force.

### PRC REGULATION RELATED TO THE RELEVANCE OF ICP LICENSE TO THE BUSINESS OF THE GROUP

Pursuant to the Administrative Measures for Internet Information Services (amended in 2011) (《互聯網信息服務管理辦法》(2011年修訂)) promulgated by the State Council on September 25, 2000, last amended on January 8, 2011, provides that to engage in profit-making Internet information services, an entity should apply for and obtain a “Value-added telecommunications business license” (《增值電信業務經營許可證》) (“**ICP License**”) from the competent telecommunications administration authorities. The Classification of Telecommunications Services (amended in 2019) (《電信業務分類目錄(2019年修訂)》) issued by MIIT on December 28, 2015, last amended on June 6, 2019, further provides that: (i) among the different categories of value-added telecommunications services, B25 (“**Information Services**”) refers to the provision of information services to the users through public communication network or the Internet by collecting, developing and processing information, and constructing information platforms; (ii) “Information Services” can be further classified into six main types, including information release platform and delivery services, information search and inquiry services, information community platform services, information instant interaction services, and information protection and processing services; and (iii) “information release platform and delivery services” refers to the activities of providing platform services for other businesses or individual users in connection with the publication of text, images, audio and video, application software and other information through platform.

Pursuant to the Circular of the Ministry of Information Industry on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) issued on July 13, 2006 (the “**Circular**”), a foreign investor that invests in the telecommunications services within the territory of China shall, in strict accordance with the Provisions, apply for establishing a foreign-funded telecommunications enterprise and a corresponding license for telecommunications operation. A foreign investor that fails to go through said procedures, subject to relevant laws, may not make any investment in the telecommunications business within the territory of China. A telecommunications enterprise within the territory of China may not lease, shift or sell any license for telecommunications business in any form, or provide resources, places and facilities or any other condition for any foreign investor to engage in any illegal telecommunications operation by any means within the territory of China.

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As the information distributed by the Group (with edits by Shanghai Fudong during the Track Record Period and/or by entrusted independent third parties) through their platforms are mainly (i) self-created content, and (ii) information purchased from independent third parties and released in the name of the platform rather than information provided or published by third parties in their own names, the Group is not engaged in “information release platform and delivery services” under the Classification of Telecommunications Services, which requires for publication of information for other businesses or individual users through the platform.

The Shanghai Communications Administration (上海通信管理局), the competent PRC authority responsible for the administration of and enforcement of laws and regulations on the operations of value-added telecommunications services within its jurisdiction, issued confirmation letters on August 23, 2021 and December 7, 2021 (the “SCA letters”) to Shanghai Jiufangyun. According to the SCA letters, the Shanghai Communications Administration confirmed that, considering that (i) both Shanghai Jiufangyun and Shanghai Yingma have already completed the ICP filing procedures since 2018 and 2020, respectively, their business activities as currently conducted are not in violation of the applicable PRC laws and regulations, (ii) Shanghai Jiufangyun and Shanghai Yingma should obtain the pertinent approval (e.g. an ICP license) in the event of conducting any new businesses which involve value-added telecommunication services in future; and (iii) the competent authority has not imposed any administrative penalties on Shanghai Jiufangyun due to any violation of laws and regulations relating to the provision of value-added telecommunications services.

As advised by our PRC Legal Advisor, according to the relevant laws and regulations, the ICP license is an approval for carrying out value-added telecommunication services via the internet while the ICP filing is just a filing for record to be made by the operator of website who engages in the business that not falling into the scope of value-added telecommunication services. Where any operator of website fails to go through the procedures for ICP filing before operating the websites, the consequence in case of any violation of the requirements of the ICP filing is that operator of website shall be ordered by the governmental authority to make rectification within a prescribed period and a fine of RMB 10,000. However, those who operate the relevant business without the ICP license where applicable, shall be ordered confiscation of illegal earnings and a penalty between three times and five times the illegal earnings, and in a serious case, the websites (or other vehicles) shall be ordered to close down.

Our PRC Legal Advisor and the Legal Advisors to the Sole Sponsor are of the view that the Group are not mandated by the PRC laws and regulations or required by the competent PRC authority to obtain an ICP license for their businesses.

### PRC REGULATIONS RELATING TO INTELLECTUAL PROPERTY

According to the Civil Code, intellectual property rights are the proprietary rights enjoyed by right holders in accordance with the law in respect of the objects, including works, inventions, utility models, designs, trademarks and trade secrets. China has adopted comprehensive legislations governing intellectual property rights. China is a signatory to the

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primary international conventions on intellectual property rights and has been a member of the Agreement on Trade-Related Aspects of Intellectual Property Rights (《與貿易有關的知識產權協定》) since its accession to the World Trade Organization in December 2001.

### Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》), or the Patent Law, promulgated on March 12, 1984 and last amended on October 17, 2020 and became effective on June 1, 2021 by SCNPC, and Implementation Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated on January 19, 1985 and last amended on January 9, 2010 and became effective on February 1, 2010 by the State Council, the National Intellectual Property Administration is responsible for administering patents in China. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law and its implementation rules provide for three types of patents, “invention”, “utility model” and, “design”. Invention patents are valid for twenty years, while design patents are valid for 15 years and utility model patents are valid for ten years, from the date of application. The PRC patent system adopts a “first come, first file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

### Copyrights

Pursuant to the PRC Copyright Law (《中華人民共和國著作權法》) amended by the SCNPC on November 11, 2020 and took effect on June 1, 2021, and the Implementing Regulations of the PRC Copyright Law (《中華人民共和國著作權法實施條例》), amended by the State Council on January 30, 2013 and became effective on March 1, 2013, the PRC citizens, legal persons, or other organizations must, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology, and computer software. The term “copyright” includes moral rights and economic rights and anyone who commits infringements of the copyright must undertake relevant civil liabilities.

Pursuant to the Regulation on Protection of the Right to Network Dissemination of Information (《信息網絡傳播權保護條例》) amended by State Council on January 30, 2013 and took effect on March 1, 2013, an internet information service provider may be held liable under various situations, including if it knows or should reasonably have known a copyright infringement through the internet and the service provider fails to take measures to remove or block or disconnects links to the relevant content or, although not aware of the infringement, the internet information service provider fails to take such measures upon receipt of the copyright holder’s notice of infringement.

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The Regulations on Computers Software Protection (《計算機軟件保護條例》), which was promulgated on June 4, 1991, amended on January 30, 2013 and became effective on March 1, 2013 by the State Council, stipulates that Chinese citizens, legal entities or other organizations enjoy copyright in the software which they have developed, whether published or not and a software copyright owner may register with the software registration institution recognized by the copyright administration department of the State Council. The Measures for the Registration of Computers Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 with immediate effect, regulates registrations of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The Copyright Protection Center of China, or the CPCC, is designated as the software registration authority. The CPCC grants registration certificates to the Computers Software Copyrights applicants which conform to the provisions of both the Regulations on Computer Software Protection and the Measures for the Registration of Computers Software Copyright.

### **Trademarks**

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated on August 23, 1982, last amended on April 23, 2019, and became effective on November 1, 2019 by SCNPC as well as the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on August 3, 2002 and amended on April 29, 2014 and became effective from May 1, 2014. In China, registered trademarks include commodity trademarks, service trademarks, collective marks, and certification marks.

The Trademark Office under the PRC State Administration for Industry and Commerce, or the Trademark Office, handles trademark registrations and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A trademark registrant may license its registered trademark to another party by entering a trademark license contract. Trademark license agreements must be filed with the Trademark Office to be recorded. The licensor must supervise the quality of the commodities on which the trademark is used, and the licensee must guarantee the quality of such commodities. As for trademarks, the PRC Trademark Law has adopted a “first come, first file” principle with respect to trademark registration. Where trademark for which a registration application 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.

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### Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017, and effective on November 1, 2017, to replace the 2004 Domain Names Measures, “domain name” shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the internet and corresponds to the internet protocol (IP) address of that computer. The principle of “first come, first serve” is followed for the domain name registration service. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/it. Any organization or individual may file an application for settlement with the domain names dispute resolution institution or file a lawsuit in the People’s Court in accordance with the law if such organization or individual consider its/his legal rights and interests to be infringed by domain names registered or used by others.

### Trade Secrets

Pursuant to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) latest amended by SCNPC on April 23, 2019 with immediate effect, the term “trade secrets” refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others’ trade secrets by: (i) obtaining trade secrets from the legal owners or holders by any unfair methods, such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (ii) disclosing, using, or permitting others to use the trade secrets obtained illegally under item (i) above; or (iii) disclosing, using, or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others’ trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fines on the infringing parties.

### PRC REGULATIONS ON LEASE

According to the Civil Code, the lease agreement shall be in writing if its term is over six months, and the term of any lease agreement shall not exceed 20 years. During the lease term, any change of ownership to the leased property does not affect the validity of the lease contract. The tenant may sub-let the leased property if it is agreed by the landlord and the lease agreement between the landlord and the tenant is still valid and binding. When the landlord is to sell a leased housing under a lease agreement, it shall give the tenant a reasonable advance notice before the sale, and the tenant has the priority to buy such leased housing on equal conditions. The tenant must pay rent on time in accordance with the lease contract. In the event of default of rental payment without reasonable cause, the landlord may ask the tenant to pay within a reasonable period of time, failing which the landlord may terminate the lease. The

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landlord has the right to terminate the lease agreement if the tenant sub-lets the property without consent from the landlord, or causes loss to the leased properties resulting from its using the property not in compliance with the usage as stipulated in the lease agreement, or defaults in rental payment after the reasonable period as required by the landlord, or other circumstances occurs allowing the landlord to terminate the lease agreement under relevant PRC laws and regulations, or otherwise, if the landlord wishes to terminate the lease before its expiry date, prior consent shall be obtained from the tenants.

On December 1, 2010, Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures for Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the landlords and tenants are required to enter into a lease contract which should generally contain specified provisions, and the lease contract should be registered with the relevant construction or property authorities at municipal or county level within 30 days after its conclusion. If the lease contract is extended or terminated or if there is any change to the registered items, the landlord and the tenant are required to effect alteration registration, extension of registration or deregistration with the relevant construction or property authorities within 30 days after the occurrence of the extension, termination or alteration.

### **PRC REGULATIONS RELATING TO ADVERTISING BUSINESS**

The Advertising Law of the PRC (《中華人民共和國廣告法》), or the Advertising Law, was promulgated by the SCNPC on October 27, 1994 and amended on April 24, 2015, October 26, 2018, and April 29, 2021, respectively. The Advertising Law regulates contents of advertisements, code of conduct for advertising and the supervision and administration of advertising industry. It also stipulates that advertisers, advertising operators and advertisement publishers shall abide by the Advertising Law and other laws and regulations, be honest and trustworthy and compete in a fair manner in advertising business. According to the Advertising Law, an advertisement shall be prohibited from using “national”, “highest”, “best”, or other comparative words. The data, statistics, investigation results, excerpts, quotations and other citations used in an advertisement shall be true and accurate, with the sources indicated. If any citation has a scope of application or a term of validity, the scope of application or term of validity shall be clearly indicated.

### **PRC REGULATIONS RELATING TO FOREIGN EXCHANGE**

The principal regulation governing foreign currency exchange in China is Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, took into effect on April 1, 1996 and last amended on August 5, 2008. Under the PRC foreign exchange regulations, Renminbi is freely convertible into other currencies for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of the PRC, unless prior approval is obtained from the SAFE, and prior registration with SAFE is made.

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According to the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or Circular 19, promulgated by the SAFE on March 30, 2015, effective on June 1, 2015 and amended on December 30, 2019, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement. The Discretionary Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise. The proportion of Discretionary Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined to be 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and go through the review process with the banks.

The Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or Circular 16, issued by the SAFE on June 9, 2016 with immediate effect, among other things, amends certain provisions of the Circular 19. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a discretionary basis. Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a discretionary basis which applies to all enterprises registered in the PRC. Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

The Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), or Circular 3, which was promulgated by the SAFE on January 26, 2017 with immediate effect sets out various measures to tighten genuineness and compliance verification of cross-border transactions and cross-border capital flow, which include without limitation requiring banks to verify board resolutions, tax filing form, and audited financial statements before wiring foreign-invested enterprises' foreign exchange distribution above US\$50,000, and strengthening genuineness and compliance verification of foreign direct investments.

Under the Notice of the SAFE on Further Promoting the Convenience of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), promulgated by the SAFE on October 23, 2019, non-investment foreign investment enterprise may use capital to carry out domestic equity investment in accordance with the law under the premise of not violating the Negative List and the projects invested are true and in compliance with laws and regulations.



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According to the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), which was issued by the SAFE on April 10, 2020 and became effective on June 1, 2020, under the condition that the use of the funds is genuine and compliant with current administrative provisions on use of capital relating to capital accounts, enterprises are allowed to use capital under capital accounts such as capital funds, foreign debts and overseas listings for domestic payment, without submission to the bank prior to each transaction of materials evidencing the veracity of such payment.

### PRC REGULATIONS RELATING TO STOCK INCENTIVE PLANS

The Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the SAFE Circular 7, which was issued by the SAFE on February 15, 2012 with immediate effect, stipulated that individuals participating in any stock incentive plan of any overseas publicly listed company who are PRC citizens or non-PRC citizens who reside in China for a continuous period of not less than one year, subject to a few exceptions are required to register with SAFE or its local counterparts and complete certain other procedures through a domestic qualified agent, which shall be one domestic company participating in an stock incentive plan or another domestic entity that may handle the business of assets custody and selected by the domestic company, according to law. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local counterparts for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in China opened by the PRC agents before distribution to such PRC residents. In addition, pursuant to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round-tripping by Chinese Residents through Special Purpose Vehicles (《國家外匯管理局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》), which was issued by the SAFE on July 4, 2014, with immediate effect, PRC residents who participate in share incentive plans in overseas non-publicly listed companies may submit applications to SAFE or its local branches for foreign exchange registration with respect to offshore special purpose entities.

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In addition, the State Administration of Taxation, or the SAT has issued certain circulars concerning employee share options or restricted shares. Under these circulars, the employees working in the PRC who exercise share options, or being granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of such overseas listed company have obligations to file documents relating to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes according to relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

### PRC REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The principal regulations governing distribution of dividends of wholly foreign-owned enterprise, or the WFOE, include the Company Law of the PRC (《中華人民共和國公司法》) promulgated by the SCNPC on December 29, 1993 and last amended on October 26, 2018 with immediate effect. Under these regulations, WFOEs in China may pay dividends only out of their after-tax accumulated profits, if any, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds determined in accordance with the PRC accounting standards and regulations. In addition, foreign investment enterprises in the PRC are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain reserve statutory funds unless these reserves have reached 50% of the registered capital of the enterprises. The enterprises may also allocate a portion of their accumulated profits to discretionary reserve funds. These reserves are not distributable as cash dividends. Any limitation on the ability of consolidated affiliated entities to make remittance to WFOE to pay dividends or make other distributions could materially and adversely limit WFOEs' ability to grow, make investments or acquisitions that could be beneficial to its business, pay dividends, or otherwise fund and conduct its business.

### PRC REGULATIONS RELATING TO FOREIGN INVESTMENT

Investment activities in China by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》), or the Encouraging Catalog, the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)》), or the Negative List, which were promulgated and are amended from time to time by the MOFCOM and the NDRC, the Foreign Investment Law (《中華人民共和國外商投資法》), or the FIL, which promulgated on March 15, 2019 and took effect on January 1, 2020, and their respective implementation rules and ancillary regulations according to the needs for national economic and social development. The Encouraging Catalog and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encouraged”, “restricted”, and “prohibited”. Industries not listed in the Negative List are generally deemed as falling into a fourth category, “permitted,” unless specifically restricted by other PRC laws and regulations.

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On October 26, 2022, the MOFCOM and the NDRC released the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》), which became effective on January 1, 2023, to replace the previous Encouraging Catalog. On December 27, 2021, the MOFCOM and the NDRC released the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》), or the 2021 Negative List, which became effective on January 1, 2022, to replace the previous Negative List (2020 Version).

On March 15, 2019, the 2nd session of the thirteenth NPC formally adopted and promulgated the FIL, which became effective on January 1, 2020 and replaced the major laws and regulations governing foreign investment in China, namely, the Wholly Foreign Invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), together with their implementation rules and ancillary regulations. Pursuant to the FIL, “foreign investments” refer to investment activities conducted by foreign investors directly or indirectly in China, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in China solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interest, property portions or other similar rights and interests of enterprises within China, (iii) foreign investors investing in new projects in China solely or jointly with other investors, and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council.

According to the FIL, foreign investments are entitled to enjoy the pre-entry national treatment, except for foreign-invested entities that operate in industries deemed to be either “restricted” or “prohibited” in the Negative List or specifically restricted by other PRC laws and regulations. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not less favorable than that given to domestic investors and their investments. The FIL provides that foreign-invested entities operating in foreign “restricted” or “prohibited” industries will require entry clearance and other approvals. Foreign investors’ investment, earnings and other legitimate rights and interests within the territory of China shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to foreign-invested enterprises.

In addition, the FIL also provides several protective rules and principles for foreign investors and their investments in China, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made promptly, expropriate or requisition the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; foreign investors’ funds are allowed to be freely transferred out and into the PRC territory from the entry to the exit of foreign investment; and an all-around and multi-angle system to guarantee fair competition of foreign-invested enterprises in the market economy. In addition, foreign investors or the foreign investment enterprises

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should be imposed legal liabilities for failing to report investment information in accordance with the requirements. Furthermore, the FIL provides that foreign-invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the FIL, which means that foreign-invested enterprises may be required to adjust the structure and corporate governance in accordance with the current PRC Company Law and other laws and regulations governing the corporate governance.

The Implementing Rules of Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on December 26, 2019 and became effective on January 1, 2020, further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize the foreign investment environment, and advances a higher-level opening. On the same day, the Supreme People's Court issued an Interpretation on Certain Issues Concerning the Application of the Foreign Investment Law of the PRC, or the Interpretation (《最高人民法院關於適用〈中華人民共和國外商投資法〉若干問題的解釋》), which also came into effect on January 1, 2020. The Interpretation provides guidance on questions relating to the effectiveness and enforceability of agreements relating to foreign investments, such as shareholder agreements, share transfer agreements, and project contracts that may arise under the new negative list system for administration of foreign investment, according to which, investment agreements relating to foreign investment in violation of the negative list management system may be void.

Pursuant to the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which was jointly promulgated by the MOFCOM and the SAMR on December 30, 2019 and became effective on January 1, 2020, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department. In addition, the Circular of the SAMR on Effective Work on Registration of Foreign-invested Enterprises for the Implementation of the Foreign Investment Law (《市場監管總局關於貫徹落實〈外商投資法〉做好外商投資企業登記註冊工作的通知》) promulgated by the SAMR on December 28, 2019 and became effective on January 1, 2020, and the Notice Regarding Foreign Investor Information Reporting Related Matters (《商務部公告2019年第62號 – 關於外商投資信息報告有關事項的公告》) issued by the MOFCOM on December 31, 2019, and became effective on January 1, 2020 further refine the related rules.

The Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), jointly promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective on January 18, 2021, set forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment, or the Office of the Working Mechanism, will be established under the NDRC, who will lead the task together with the MOFCOM. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism prior to (i) the investments in the military industry, military industrial supporting and other fields relating

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to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise. Control exists when the foreign investor (i) holds over 50% equity interests in the target, (ii) has voting rights that can materially impact the resolutions of the board of directors or shareholders meeting of the target even when it holds less than 50% equity interests in the target, or (iii) has material impact on target's business decisions, human resources, accounting and technology.

### PRC REGULATIONS RELATING TO M&A AND OVERSEAS LISTING

On August 8, 2006, six PRC governmental authorities, including the MOFCOM and the CSRC, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, which became effective on September 8, 2006 and were amended on June 22, 2009. Foreign investors must comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in China, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets. The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

In September 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. The CSRC approval procedures require the filing of a number of documents with the CSRC. Although (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to the M&A Rules, and (ii) no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules, the interpretation and application of the regulations remain unclear, and this offering may ultimately require approval from the CSRC. If such approval from the CSRC is required, it is uncertain whether it would be possible for us to obtain the approval and any failure to obtain or delay in obtaining such approval for this offering would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

In addition, according to the Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》) issued by the General Office of the State Council on February 3, 2011, which became effective on March 3, 2011, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic

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Enterprises by Foreign Investors (《商務部公告2011年第53號 – 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》) issued by the MOFCOM on August 25, 2011, which became effective on September 1, 2011, mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM. In addition, the regulations prohibit any activities attempting to bypass such security review, including structuring the transactions through a proxy or contractual control arrangement.

### PRC REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WARFARE

#### Labor and Labor Contract

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994 and most recently amended in December 29, 2018 with immediate effect by SCNPC, enterprises and institutions must establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in China. Labor safety and sanitation facilities must comply with state-fixed standards. Enterprises and institutions must provide laborers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor protection.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), or the Labor Contract Law, promulgated on June 29, 2007, amended on December 28, 2012 and became effective on July 1, 2013 by SCNPC, is primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the laborers. Enterprises and institutions are forbidden to force laborers to work beyond the time limit and employers must pay laborers for overtime work in accordance with national regulations. In addition, labor wages must not be lower than local standards on minimum wages and must be paid to laborers in a timely manner.

#### Social Insurance and Housing Fund

As required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, amended on December 29, 2018 with immediate effect, enterprises are obliged to provide their employees in China with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance, and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

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In accordance with the Regulations on the Management of Housing Funds (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019 with immediate effect, enterprises must register at the competent managing center for housing funds and upon the examination by such managing center of housing funds, these enterprises must complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner.

### PRC REGULATIONS RELATING TO TAX

#### Income Tax

The Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法》) was promulgated on March 16, 2007 and was most recently amended on December 29, 2018 by SCNPC, and its implementation rules (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007 with the latest amendment on April 23, 2019 (collectively, the “**EIT Laws**”). According to the EIT Laws, enterprises consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in PRC in accordance with the PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within China. 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 China but have established institutions or premises in China, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Laws a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in China, or if they have formed permanent establishment institutions or premises in China but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

The Notice Regarding the Determination of Chinese-Controlled Enterprises Registered Abroad as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《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》) promulgated by the SAT on April 22, 2009 and became effective retroactively as of January 1, 2008 and amended on December 29, 2017 sets out the standards and procedures for determining whether the “de facto management body” of an enterprise registered outside of China and controlled by PRC enterprises or PRC enterprise groups is located within China.

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### **Income Tax in Relation to Dividend Distribution**

The EIT Laws provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are “non-resident enterprises,” and gains derived by such investors, which (a) do not have an establishment or place of business in China, or (b) have an establishment or place of business in China, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within China. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which our non-PRC shareholders reside. Pursuant to an Arrangement Between China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Tax 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》), or the Double Tax Avoidance Arrangement, promulgated by the SAT on August 21, 2006, most recently amended on July 19, 2019 and became effective on December 6, 2019, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) promulgated on February 20, 2009 by the SAT with immediate effect, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement of the SAT on Issues concerning “Beneficial Owners” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), which was promulgated on February 3, 2018 by the SAT and became effective on April 1, 2018, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, may not be recognized as beneficial owners and thus, will not be entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

### **Value-added Tax**

According to the Temporary Regulations on Value-added Tax (《中華人民共和國增值稅暫行條例》), promulgated by the State Council on December 13, 1993, last amended on November 19, 2017 with immediate effect, and the Detailed Implementing Rules of the Temporary Regulations on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), promulgated by the MOF on December 25, 1993, last amended on October 28, 2011 and became effective on November 1, 2011, all taxpayers selling goods, providing processing, repair or replacement services or importing goods within the PRC shall pay value-added taxes.



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Furthermore, according to the Trial Scheme for the Conversion of Business Tax to Value-added Tax (《營業稅改徵增值稅試點方案》), promulgated by the MOF and the SAT on November 16, 2011, the State Council began to launch taxation reforms in a gradual manner in January 2012, whereby the collection of value-added tax in lieu of business tax items was implemented on a trial basis in regions showing significant radiating effects in economic development and providing outstanding reform examples, beginning with production service industries such as transportation and certain modern service industries.

Pursuant to the Circular of Taxation on Full Launch of the Pilot Scheme on Levying Value-added Tax in Place of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which was jointly issued by the MOF and the SAT on March 23, 2016, partly amended by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and took effect on April 1, 2019, upon approval of the State Council, the pilot program of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner starting from May 2016, and all taxpayers of business tax engaged in the construction industry, the real estate industry, the financial industry and the life science industry shall be included in the scope of the pilot program with regard to payment of value-added tax instead of business tax.

The Circular of the MOF and the SAT on Adjustment of 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 jointly promulgated by the MOF and the SAT on April 4, 2018 and became effective on May 1, 2018, set forth that (i) for VAT taxable sales acts or importation of goods originally subject to value-added tax rates of 17% and 11% respectively, such tax rates shall be adjusted to 16% and 10%, respectively; (ii) for purchase of agricultural products originally subject to deduction rate of 11%, such deduction rate shall be adjusted to 10%; (iii) for purchase of agricultural products for the purpose of production and sales or consigned processing of goods subject to tax rate of 16%, such tax shall be calculated at the deduction rate of 12%; (iv) for exported goods originally subject to tax rate of 17% and export tax refund rate of 17%, the export tax refund rate shall be adjusted to 16%; and (v) for exported goods and cross-border taxable acts originally subject to tax rate of 11% and export tax refund rate of 11%, the export tax refund rate shall be adjusted to 10%.

The Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》), which was jointly promulgated by the MOF, the SAT and General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, set forth that (i) for VAT taxable sales acts or importation of goods originally subject to value-added tax rates of 16% and 10% respectively, such tax rates shall be adjusted to 13% and 9%, respectively; (ii) for purchase of agricultural products originally subject to deduction rate of 10%, such deduction rate shall be adjusted to 9%; (iii) for purchase of agricultural products for the purpose of production and sales or consigned processing of goods subject to tax rate of 13%, such tax shall be calculated at the deduction rate of 10%; (iv) for exported goods originally subject to tax rate of 16% and export tax refund rate of 16%, the export tax refund rate shall be adjusted to 13%; and (v) for exported goods and cross-border taxable acts originally subject to tax rate of 10% and export tax refund rate of 10%, the export tax refund rate shall be adjusted to 9%.

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For VAT taxpayers who sell self-developed software products, the MOF and the SAT issued the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (《財政部、國家稅務總局關於軟件產品增值稅政策的通知》), effective on January 1, 2011, which sets forth that the refund-upon-collection policy is applied to self-developed software products, which is typically the portion of VAT actually paid that exceeds 3% of the VAT taxable income. Upon the examination and approval of the competent tax authority, software products meeting the following conditions may enjoy the refund-upon-collection policy: (i) having obtained the inspection and testing certification materials issued by a software inspection and testing institution recognized by the provincial software industry administrative department; and (ii) having obtained a Software Product Registration Certificate issued by the software industry administrative department or a Computer Software Copyright Registration Certificate issued by the copyright administrative department.

### OVERVIEW

Starting its commodity trading business in 2011, our Controlling Shareholder, Yintech Holdings, and its management team witnessed and strived to explore business opportunities arising from rapid development and the significant evolvement of the financial markets in China. Accredited to the expansion of the per capita disposable income of Chinese citizens as well as the size of their investible assets, the growth of the number of mobile internet users and increased awareness of personal wealth management skills improvement, the mass affluent class's willingness to pay for, and their spending on online investor content services continued to increase, which further results in a rising demand that is unable to be addressed by free investment knowledge which is oftentimes dispersed, unsystematized and outdated. In 2016 and 2017, multiple service providers entered into China's online high-end investor education services industry in recognition of the growth potential therein, contributing to the burgeoning market. While Yintech Holdings was not engaged in any online high-end investor education services back then, it had accumulated abundant resources and expertise to extend the reach of its business operation:

- ***R&D capabilities.*** After years of development, Yintech Holdings has formed a strong software R&D team, consisted of 556 members as of December 31, 2017. This team has accumulated profound experience and expertise in developing and operating proprietary client software and internal systems to support the business operation and delivery of services of Yintech Holdings;
- ***Customer service.*** Yintech Holdings has a dedicated team of customer service personnel that handles real-time customer inquiries or demands; and
- ***Content development and marketing.*** As part of its business operation process as well as a method to procure customers, Yintech Holdings also offers timely and comprehensive market information through client software. Yintech Holdings focuses on branding and marketing activities and employs both online and traditional marketing campaigns, to reach more potential customers.

In 2017, Yintech Holdings embarked on securities investment advisory business through using its controlled entity, Shanghai Qijian, to acquire 100% equity interest of Shanghai Fudong, which in turn controlled Shanghai Jiufangyun. Shanghai Fudong was wholly owned by Shanghai Caidao Network Technology Co., Ltd. (上海財道網絡信息科技有限公司), an Independent Third Party immediately before such acquisition. Shanghai Jiufangyun was incorporated in the PRC as a limited liability company in 1996. In 1998, Shanghai Jiufangyun obtained the Securities Investment Advisory License issued by the CSRC. Since the acquisition of Shanghai Jiufangyun, it has become the primary entity through which we provide our online high-end investor education services. Particulars of such acquisition are set out in “– Historical Shareholding Changes of our Major Subsidiary – Acquisition of Shanghai Jiufangyun” below.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### *Establishment of Core Management Team and Business Staff*

Following the acquisition of Shanghai Jiufangyun, our founder and chairman, Mr. Chen Wenbin, the then chairman of Yintech Holdings took the lead to set up our core management team. Mr. Chen Wenbin has more than 20 years of experience and profound resources in financial related industry in China. Our CEO, Mr. Cai Zi, who has more than 10 years of professional experience and a solid professional background in fields of information technology and finance, also joined us from Yintech Holdings in January 2018. During the early stages of our development in 2017 and 2018, to quickly establish and build up our business, we also hired a team of core business staff from Yintech Holdings, primarily consisting of professionals specialized in content development and production, and marketing and branding, including Mr. Cheng Wei, who had more than 12 years of experience in the field of financial securities. Such a team of core members from Yintech Group had formed our fundamental capabilities in course development, marketing execution as well as brand promotion in the initial stage of our business development. From 2019 onwards, we started to locate and recruit talents majoring in various areas through mainstream recruitment channels such as experienced third-party hiring agencies.

### *Course Development*

At the beginning of 2018, with the experience and professional knowledge of our initial content development and production team recruited from Yintech Holdings, consisting of approximately 20 members, we started to develop our first investor-education course, “E-Investment Bible” (e投經操盤), which later became a major course series included in the standard package of our online high-end investor education services. Such development project was under the leadership of our vice president, Mr. Cheng Wei. In August 2018, we officially launched E-Investment Bible as our first course and E-Investment Bible was filed with the Shanghai Bureau of CSRC. E-Investment Bible combines the fundamental theories of securities market and aimed to address the evolving demands of Chinese individual investors. E-Investment Bible includes preliminary courses, advanced courses, livestreaming broadcasts and also covers daily market analysis and commentaries. It was widely recognized by the market since its launch in 2018.

To further enrich our offerings and provide competitive services, we prioritized the recruitment of talents with the securities investment advisor qualification to expand and strengthen our in-house content development and production capabilities. As of October 31, 2022, our employees with the securities investment advisor qualification reached 211, among which 150 were in the content development and production department.

### *Application Development and R&D Capabilities Establishment*

Prior to 2019, our Group provided services only through our official websites. With the intention of offering our services through mobile terminals and driven by market demand, we collaborated with Yintech Holdings to develop our first mobile application through software

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commissioned development. We entrusted Shanghai Qijian, a controlled entity of Yintech Holdings, to develop our first mobile application, “Hui Investment 1.0” (慧投資1.0) in 2019. Hui Investment 1.0 was designated as a major application where our Group deliver courses and services to our customers.

We are dedicated to establishing our in-house R&D capabilities through hiring and training talents specialized in relevant areas. With more talents joining us, our R&D team expands rapidly with the number of team members increasing from 55 as of December 31, 2019, to 369 as of December 31, 2020, further to 475 as of December 31, 2021, and further to 480 as of October 31, 2022. In March 2020, Hui Investment was renamed as SmartInvest Pro and has been completely maintained and updated by our in-house R&D team since the second half of 2020. We also made significant progress in our in-house R&D capabilities with the establishment of our own technology center and data center, and increased investment in AI, cloud computing, big data and blockchain technologies. See “Business – Our Technologies.”

### *Sales and Marketing Capabilities*

In 2019, the founding members of our marketing team mainly consisted of talents hired from Yintech Holdings, who were experienced in marketing activities on various channels. Led by our vice president, Mr. ZHANG Pengfei, who had extensive experience in internet marketing, the initial marketing team hired from Yintech Holdings brought us advanced marketing concepts and strategies and help to form our own marketing strategies. In addition, they also endeavor to promote our brand on various channels. For example, in 2020, our Company jointly organized, as the exclusive online title promoter, the live broadcasting of Warren Buffett’s Berkshire Hathaway annual meetings, which had significantly increased the online exposure and equity of our brand and helped expanded our marketing channels. This core marketing team recruited from Yintech Holdings has laid a solid foundation for our future expansion in terms of in-house marketing capabilities, and contributed to the establishment of our traffic matrix. The size of our sales and marketing teams also increased along with the expansion of our business scale with the team member surging from 194 as of December 31, 2019, to 394 as of December 31, 2020, further to 756 as of December 31, 2021, and further to 811 as of October 31, 2022.

### *Incorporation of our Company*

Our Company was incorporated in the Cayman Islands with limited liability on May 3, 2021. In preparation for the Listing, the Company underwent the Reorganization from April 2021 to July 2021. As part of the Reorganization, our Company became the holding company of our Group for the purpose of the Listing with our businesses conducted through our subsidiaries. Please see “– Reorganization” below for more details.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### OUR DEVELOPMENT MILESTONE

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

<b>Year</b>	<b>Event</b>
1996	Shanghai Jiufangyun was established.
1998	Shanghai Jiufangyun obtained the Securities Investment Advisory License.
2017	We acquired Shanghai Jiufangyun.
2018	Our first investor education products “Bo Duan Lian Jin Shu” (波段煉金術) and E-Investment Bible (e投經操盤) were officially launched.
2019	Our App “Hui Investment 1.0” (慧投資1.0), the predecessor of SmartInvest Pro was officially launched.
2020	<p>Our App “Hui Investment” (慧投資) was renamed as SmartInvest Pro.</p> <p>Shanghai Jiufangyun sponsored the online live broadcast of the 2020 Berkshire Hathaway Annual Shareholders Meeting by China Business Network.</p> <p>SmartInvest Pro version 3.0.0 was recognized by the Shanghai High-tech Achievement Transformation Project Certification Office (上海市高新技術成果轉化項目認定辦公室) as a Shanghai High-tech Achievement Transformation Project (上海市高新技術成果轉化項目).</p> <p>We commenced the provision of online financial literacy education services.</p>
2021	<p>We commenced the provision of financial information software services.</p> <p>Shanghai Jiufangyun obtained qualifications for key software enterprise (重點軟件企業資質).</p> <p>Shanghai Jiufangyun sponsored the online live broadcast of the 2021 Berkshire Hathaway Annual Shareholders Meeting by China Business Network.</p> <p>Shanghai Jiufangyun was granted the “Eligible high-tech enterprise” status.</p>

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

As part of the Reorganization and in preparation for the Listing, our Company was incorporated as an exempted company with limited liability in the Cayman Islands on May 3, 2021. Particulars of shareholding changes of our Company since incorporation are set out in the paragraph headed “– Reorganization” below.

The Pre-IPO RSU Scheme was adopted by our Company on June 1, 2021 and amended on February 20, 2023 to, among others, reward directors or employees of our Group for their services and contribution to the success of our Group. Upon completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), the number of Shares held by the RSU Holding Entity shall be 28,430,000 Shares, representing 6.10% of the issued Shares. Particulars of the Pre-IPO RSU Scheme are set out in the section headed “Statutory and General Information” in Appendix V to this prospectus.

### HISTORICAL SHAREHOLDING CHANGES OF OUR MAJOR SUBSIDIARY

During the Track Record Period, Shanghai Jiufangyun was the major operating entity of our Group and made a material contribution to our results of operations, recording (i) revenue of RMB274.2 million, RMB708.6 million, RMB1,437.4 million and RMB1,543.9 million in 2019, 2020, 2021 and the ten months ended October 31, 2022, respectively, and (ii) net loss of RMB53.3 million in 2019, and a net profit of RMB109.9 million, RMB284.5 million and RMB362.7 million in 2020, 2021 and the ten months ended October 31, 2022, respectively. The principal business activities and historical shareholding changes of Shanghai Jiufangyun are set out below:

<b>Name</b>	<b>Principal business activities</b>	<b>Date of incorporation</b>	<b>Place of establishment</b>
Shanghai Jiufangyun	Offering online investor content services including online high-end investor education services, online financial literacy education services, and financial information software services	August 19, 1996	PRC

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### Establishment of Shanghai Jiufangyun

Shanghai Jiufangyun was established in the PRC on August 19, 1996 as a limited liability company with an initial registered capital of RMB500,000. Upon establishment, it was owned as to 60% by Mr. Yang Junnan and 40% by Mr. Lai Tianqiang, both of whom are Independent Third Parties.

After certain shareholding and corporate changes, the registered share capital of Shanghai Jiufangyun was increased to RMB5 million and was owned by Shanghai Fudong as to 90% and by Fujian Hualun Group Holdings Limited (福建華倫集團有限公司) (“**Fujian Hualun**”), an Independent Third Party, as to 10% as of October 19, 2010.

### Acquisition of Shanghai Jiufangyun

Pursuant to an equity transfer agreement dated December 25, 2017 entered into between Shanghai Qijian, an entity controlled by Yintech Holdings, and Shanghai Caidao Network Technology Co., Ltd. (上海財道網絡信息科技有限公司), an Independent Third Party, Shanghai Qijian acquired 100% of the equity interest in Shanghai Fudong from Shanghai Caidao Network Technology Co., Ltd.. At the time of the acquisition, Shanghai Fudong held 90% of the equity interest of Shanghai Jiufangyun. The consideration for the acquisition was RMB75 million, which was determined after arm’s length negotiation with reference to the then business value of Shanghai Jiufangyun and was funded by Yintech Holdings’ own internal resources. As a result of the acquisition, Shanghai Fudong became a wholly owned subsidiary of Shanghai Qijian.

Prior to the acquisition, Shanghai Jiufangyun held the Securities Investment Advisory License but did not conduct any substantial business activities. The acquisition was conducted at the time in order for us to develop our Group’s scope of business to carry out online investor content service by leveraging on the Securities Investment Advisory License of Shanghai Jiufangyun.

### Subsequent shareholding changes of Shanghai Jiufangyun

On January 4, 2019, the registered capital of Shanghai Jiufangyun was increased to RMB100 million and Shanghai Fudong subscribed to the additional registered share capital of RMB95 million. Upon completion of such capital increase, Shanghai Jiufangyun was owned by Shanghai Fudong as to 99.5% and Fujian Hualun as to 0.5%.

On November 11, 2019, Fujian Hualun’s equity interest in Shanghai Jiufangyun was seized by the People’s Court of Siming District, Xiamen City, Fujian Province (the “**People’s Court of Siming District**”) due to a judgment in relation to Fujian Hualun’s default on debt to Shanghai Jiufangyun. Fujian Hualun’s equity interest in Shanghai Jiufangyun was auctioned by the People’s Court of Siming District and was obtained by Shanghai Fudong as the highest bidder for RMB1.60 million (the “**Auction Price**”). The shareholding change was registered



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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with the relevant authority and completed on March 13, 2020, and upon which, Shanghai Jiufangyun was wholly owned by Shanghai Fudong. Our PRC Legal Advisor confirmed that such shareholding change has complied with all applicable PRC laws and regulations.

On May 26, 2020, Shanghai Fudong entered into an equity transfer agreement with Shanghai Qifu to transfer 0.5% of equity interest of Shanghai Jiufangyun to Shanghai Qifu, the then employee shareholding platform of Shanghai Jiufangyun, for a consideration of RMB1.60 million, which was equivalent to the Auction Price. The transfer was completed on May 29, 2020.

### **Listing of Yintech Holdings on Nasdaq and the Privatization**

Yintech Holdings, the then holding company of Shanghai Jiufangyun, was incorporated in the Cayman Islands on November 4, 2015. Yintech Holdings was later listed on Nasdaq in April 2016 under the trading symbol YIN. Prior to its privatization and delisting from Nasdaq as detailed below, Yintech Holdings primarily focused on (i) commodities services, which included the trading of spot and futures commodities, and (ii) securities services, which included securities advisory and information platform services, overseas securities trading services, and asset management services.

### ***Merger***

On August 17, 2020, Yinke Holdings, Yintech Holdings and Yinke Merger Co. Ltd. (“**Merger Sub**”), a wholly-owned subsidiary of Yinke Holdings, entered into an agreement and plan of merger (the “**Merger Agreement**”), as a result of which Yintech ceased to be a publicly traded company and became a wholly-owned subsidiary of Yinke Holdings. Pursuant to the Merger Agreement, certain shareholders of Yintech Holdings, including Mr. Chen Wenbin, Mr. Yan Ming, Ms. CHEN NINGFENG and others (the “**Rollover Shareholders**”), acquired Yintech Holdings in a transaction implying an equity value of US\$540.2 million of Yintech Holdings at the time. The Rollover Shareholders also entered into a rollover and contribution agreement, pursuant to which each Rollover Shareholder contributed ordinary shares of Yintech Holdings in which they held, into Merger Sub, in exchange for newly issued ordinary shares of Yinke Holdings. Following which, Merger Sub was merged with and into Yintech Holdings. Pursuant to the merger, (i) certain ordinary shares of Yintech Holdings were canceled in exchange for the right to receive US\$0.365 in cash per share without interest, and (ii) each of the ADSs of Yintech Holdings (representing 20 ordinary shares) was canceled in exchange for the right to receive US\$7.30 in cash per ADS without interest (less US\$0.05 per ADS cancellation fees and other fees), such consideration representing a premium of 38.26% to the closing price of Yintech Holdings’ ADSs on its last trading day prior to its privatization announcement on June 19, 2020, and a premium of 29.89% to the average closing price of Yintech Holdings’ ADSs during the 30 trading days prior to its privatization announcement. The merger was funded by the available cash of Yinke Holdings, Merger Sub and Yintech Holdings and its subsidiaries at the time, as well as lines of credit and other sources of funds available to Yinke holdings and Merger Sub.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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The principal reason of the privatization and delisting from Nasdaq was, among other reasons, the growing geopolitical tensions between the U.S. and China at the time. On November 18, 2020, the privatization of Yintech Holdings was completed, and the ADSs of Yintech Holdings ceased to be listed on Nasdaq. Having considered the existing equity market conditions of Hong Kong and the appeal of investors in Hong Kong with the business of our Group, our Directors consider the Stock Exchange to be the appropriate listing venue of our business and an opportunity to leverage on the public equity market of Hong Kong to expand our business.

Our Directors confirm that, to the best of their knowledge and in respect of our Group's business:

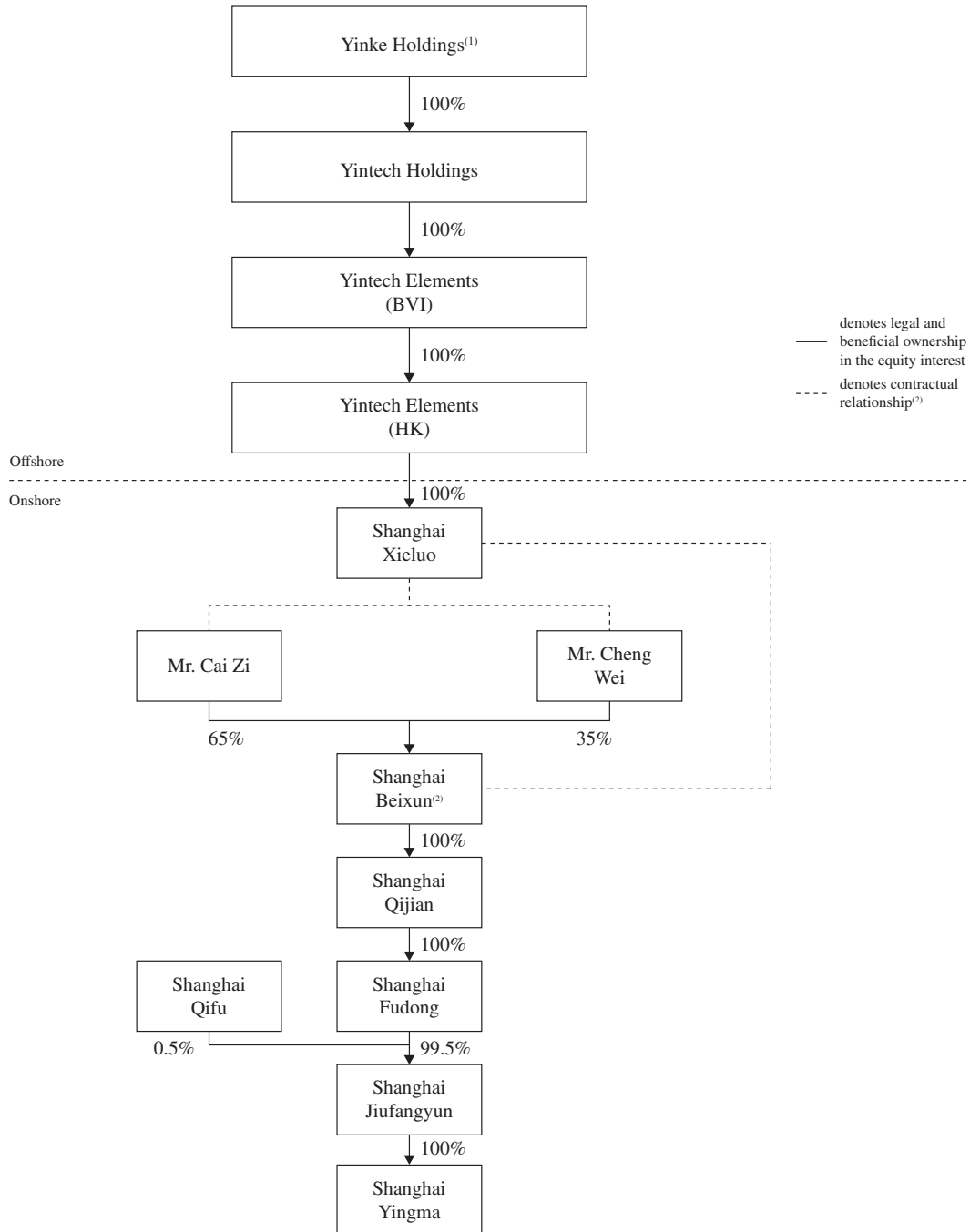
- (a) during the period it was listed on Nasdaq, Yintech Holdings:
  - (i) did not have any non-compliance in all material respects under the applicable U.S. securities laws and regulations and Nasdaq rules and regulations;
  - (ii) had not been subject to any disciplinary action by relevant U.S. regulators; and
- (b) there were no matters in relation to the prior listing on Nasdaq, privatization and delisting of Yintech Holdings that need to be brought to the attention of the Stock Exchange.

### REORGANIZATION

In order to optimize our corporate structure to further develop the business of our Group and to more readily access the international capital markets, we underwent the Reorganization in preparation for the Global Offering, details of which are set out below.

# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following chart sets out the shareholding and corporate structure of our Group immediately before the Reorganization:



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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*Note:*

- (1) Yinke Holdings was controlled by Mr. Chen Wenbin, Mr. Yan Ming and Ms. CHEN NINGFENG, our non-executive Directors and Controlling Shareholders, who held 35.13%, 23.06% and 20.52% of interest in Yinke Holdings, respectively through their respective shareholding entities as of the Latest Practicable Date. The other shareholders of Yinke Holdings consisted of Chang Qing Investment Management Company Limited (10.16%), Sino June Investment Limited (5.19%), MeMeStar Limited (3.07%), Orchid Asia Entities (as defined in “– Capitalization Table” below) (2.76%), Fusion Capital Management Limited (0.09%).
- (2) Shanghai Beixun was controlled by Shanghai Xieluo through contractual arrangements (“**Yintech Holdings’ Contractual Arrangements**”). The Yintech Holdings’ Contractual Arrangements were established by Yintech Holdings in July 2017 to primarily hold Yintech Holdings’ business and investments, including but not limited to Shanghai Beixun which was acquired by Yintech Holdings in July 2017 and has been principally engaged in call center business (which was restricted foreign investments according to the then PRC laws) as well as making onshore investments. Subsequently, as part of Yintech Holdings’ management decision taking into account the nature of Shanghai Beixun to hold onshore investments, Yintech Holding acquired Shanghai Jiufangyun through Shanghai Qijian in December 2017. As part of the preparation of the Company for the Listing, taking into account the call center business of Shanghai Beixun did not form part of the core business of our Group, Shanghai Beixun was maintained under the control of Yintech Holdings under the Yintech Holdings’ Contractual Arrangements and did not form part of the Group as a result of the Reorganization. See steps 2 and 3 below for details on the transfer of Shanghai Fudong and Shanghai Jiufangyun to our Group. In addition, as advised by our PRC Legal Advisor taking into account the relevance of the PRC rules and regulations to our Group’s business (in particular our current business in China does not fall into industries restricting or prohibiting foreign investment and we do not hold any license which restricts or prohibits foreign investment and cooperate with Fumeng and Shenzhen Huatian which hold the relevant licenses), we consider that, taking into account the advice of the PRC Legal Advisor, a contractual arrangement was not necessary to operate our business. See “Business” and “Regulatory Overview” for further details.

### **1. Incorporation of certain onshore subsidiaries and WFOE**

Shanghai Pianjin was established on April 30, 2021 under the laws of the PRC as a directly wholly-owned subsidiary of Shanghai Jiufangyun.

Shanghai Shangjie and Shanghai Juxinge were established on April 30, 2021 and May 31, 2021, respectively, under the laws of the PRC as directly wholly-owned subsidiaries of Shanghai Fudong.

WFOE was incorporated under the laws of the PRC as a directly wholly-owned subsidiary of JF Wealth (HK) and an indirectly wholly-owned subsidiary of our Company under the laws of the PRC on July 23, 2021.

### **2. Transfer of Shanghai Fudong from Shanghai Qijian to WFOE**

Pursuant to an equity transfer agreement dated April 30, 2021, Shanghai Qijian transferred 100% equity interest of Shanghai Fudong to WFOE for a consideration of RMB135 million, which was determined with reference to an independent valuation report. The transfer was completed on August 3, 2021 and Shanghai Fudong became a wholly owned subsidiary of WFOE.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### 3. Transfer of minority interest in Shanghai Jiufangyun from Shanghai Qifu to Shanghai Fudong

On April 30, 2021, Shanghai Qifu transferred 0.5% of equity interest in Shanghai Jiufangyun to Shanghai Fudong at a consideration of RMB25 million, which was determined based on arm's length negotiation taking into account the performance and prospects of Shanghai Jiufangyun. The registration of the equity transfer was completed on August 9, 2021 and Shanghai Jiufangyun became a wholly owned subsidiary of Shanghai Fudong.

### 4. Incorporation of our Company and certain offshore subsidiaries

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on May 3, 2021 and has an authorized share capital of HK\$20,000 divided into 2,000,000,000 Shares with a par value of HK\$0.00001 each. Upon incorporation, our Company issued one Share with a par value of HK\$0.00001 to the initial subscriber and the one Share was subsequently transferred to Mr. Chen Wenbin, our non-executive Director on the same day.

JF Wealth (BVI) was incorporated under the laws of BVI as our Company's direct wholly-owned subsidiary on May 14, 2021.

JF Wealth (HK) was incorporated under the laws of Hong Kong as a directly wholly-owned subsidiary of JF Wealth (BVI) and our Company's indirect wholly-owned subsidiary on June 1, 2021.

### 5. Shareholding restructuring of our Company

On July 20, 2021, Mr. Chen Wenbin transferred 1 Share to Coreworth, a company wholly owned by Mr. Chen Wenbin, at par value of HK\$0.00001.

To reflect the shareholding structure of Yinke Holdings and to allot Shares to the RSU Holding Entity for the purpose of the Pre-IPO RSU Scheme, on July 20, 2021, our Company allotted an aggregate of 81,229 Shares to the following Shareholders at par value of HK\$0.00001:

Shareholders <sup>(1)</sup>	Number of Shares allotted	Consideration paid for the allotment	Aggregate approximate ownership percentage of our Company after the allotment
Coreworth <sup>(1)</sup>	19,999	HK\$0.19999	24.62% <sup>(2)</sup>
Harmony Creek	16,862	HK\$0.16862	20.76%

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shareholders <sup>(1)</sup>	Number of Shares allotted	Consideration paid for the allotment	Aggregate approximate ownership percentage of our Company after the allotment
Rich Horizon	15,000	HK\$0.15	18.47%
Embrace Investments	8,123	HK\$0.08123	10.00%
Chang Qing Investment Management Company Limited	7,427	HK\$0.07427	9.14%
Sino June Investment Limited	3,796	HK\$0.03796	4.67%
Solomon Investment Limited	2,247	HK\$0.02247	2.77%
Orchid Asia Entities	2,021	HK\$0.02021	2.49%
Fusion Capital Management Limited	68	HK\$0.00068	0.08%
RSU Holding Entity	5,686	HK\$0.05686	7.00%

*Notes:*

- (1) See “– Capitalization Table” below and the respective notes for the background of our Shareholders.
- (2) The shareholding of Coreworth is calculated based on the 20,000 Shares held by Coreworth in aggregate, including the one Share transferred by Mr. Chen Wenbin to Coreworth and the 19,999 Shares allotted by our Company.

### *Capitalization Table*

The table below is a summary of the capitalization of our Company as at the Latest Practicable Date, immediately after the Capitalization Issue and the Global Offering (assuming no Over-allotment Option is exercised):

Shareholders	Aggregate total number of Shares as of the Latest Practicable Date	Aggregate ownership percentage as of the Latest Practicable Date	Aggregate number of Shares upon completion of the Capitalization Issue and Global Offering (assuming no Over-allotment Option is exercised)	Aggregate ownership percentage upon completion of the Capitalization Issue and Global Offering (assuming no Over-allotment Option is exercised)
Coreworth <sup>(1)(4)</sup>	20,000	24.62%	100,000,000	21.47%
Harmony Creek <sup>(2)(4)</sup>	16,862	20.76%	84,310,000	18.10%

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shareholders	Aggregate total number of Shares as of the Latest Practicable Date	Aggregate ownership percentage as of the Latest Practicable Date	Aggregate number of Shares upon completion of the Capitalization Issue and Global Offering (assuming no Over-allotment Option is exercised)	Aggregate ownership percentage upon completion of the Capitalization Issue and Global Offering (assuming no Over-allotment Option is exercised)
Rich Horizon <sup>(3)(4)</sup>	15,000	18.47%	75,000,000	16.10%
Embrace Investments <sup>(1)(4)</sup>	8,123	10.00%	40,615,000	8.72%
Chang Qing Investment Management Company Limited <sup>(5)</sup>	7,427	9.14%	37,135,000	7.97%
Sino June Investment Limited <sup>(6)</sup>	3,796	4.67%	18,980,000	4.07%
Solomon Investment Limited <sup>(7)</sup>	2,247	2.77%	11,235,000	2.41%
Orchid Asia Entities <sup>(8)</sup>	2,021	2.49%	10,105,000	2.17%
Fusion Capital Management Limited <sup>(6)</sup>	68	0.08%	340,000	0.07%
RSU Holding Entity <sup>(9)</sup>	5,686	7.00%	28,430,000	6.10%

*Notes:*

- (1) Both Coreworth and Embrace Investments are wholly and beneficially owned by Mr. Chen Wenbin, our Controlling Shareholder and non-executive Director.
- (2) Harmony Creek is wholly and beneficially owned by Mr. Yan Ming, our Controlling Shareholder and non-executive Director.
- (3) Rich Horizon is wholly and beneficially owned by Ms. CHEN NINGFENG, our Controlling Shareholder and non-executive Director.
- (4) Each of Mr. Chen Wenbin, Mr. Yan Ming and Ms. CHEN NINGFENG has been acting in concert since January 1, 2018 and such arrangement was set out in the Concert Party Confirmation.
- (5) Chang Qing Investment Management Company Limited is an investment holding company incorporated with limited liability in the BVI and is wholly and beneficially owned by Mr. Lee Cheuk Ho, an Independent Third Party as of the Latest Practicable Date. Mr. Lee Cheuk Ho is a long-term strategic investor of our Company, and Chang Qing Investment Management Company Limited was a shareholder of Yintech Holdings during its listing on Nasdaq.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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- (6) Sino June Investment Limited and Fusion Capital Management Limited are investment holding companies incorporated with limited liability in the BVI and are both wholly and beneficially owned by Ms. Wong Yan Ki, Angel, an Independent Third Party as of the Latest Practicable Date. Ms. Wong Yan Ki, Angel had previously participated in the listing of Yintech Holdings on Nasdaq, and agreed to subscribe for shares in our Company (via Fusion Capital Management Limited) upon completion of the Reorganization.
- (7) Solomon Investment Limited is an exempted company incorporated with limited liability in the Cayman Islands and is wholly owned by Sina Corporation, which is an Independent Third Party and also the shareholder of MeMeStar Limited (being a shareholder of Yinke Holdings) as of the Latest Practicable Date. Sina Corporation is a long-term strategic investor of our Company, and has also established a long-term strategic partnership with Yintech Holdings in 2018.
- (8) Orchid Asia Entities consist of Orchid Asia VI, L.P., Orchid Asia V Co-Investment, Limited and YM Investment Limited, each of them holds 1.82%, 0.09% and 0.57% of shares of our Company, respectively as of the Latest Practicable Date. The Orchid Asia Entities are ultimately controlled by Mr. Gabriel Li (as director) and Ms. Lam Lai Ming (as director, shareholder and settlor of trust) and are Independent Third Parties as of the Latest Practicable Date. Orchid Asia Entities was also a shareholder of Yintech Holdings during its listing on Nasdaq. The number of Shares held by Orchid Asia Entities and the relevant ownership percentage upon completion of the Capitalization Issue and Global Offering have not taken into account of the Shares to be subscribed by Orchid Asia CIL as a Cornerstone Investor. For details, please refer to the section headed “Cornerstone Investors” in this prospectus.
- (9) RSU Holding Entity is a business company incorporated with limited liability in the BVI and is wholly owned by The Core Trust Company Limited, holding our Shares pursuant to the Pre-IPO RSU Scheme on trust for and on behalf of grantees under the Pre-IPO RSU Scheme.

### COMPLIANCE WITH PRC LAWS AND REGULATION

Our PRC Legal Advisor confirmed that (i) establishment of our subsidiaries in the PRC and their subsequent shareholding changes have complied with the relevant laws and regulations in all material respects; and (ii) the Reorganization has complied with all applicable PRC laws and regulations in all material respects.

### PROPOSED ACQUISITION AFTER THE TRACK RECORD PERIOD

On January 3, 2023, the Company entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with Zhengtong Co., Ltd. (証通股份有限公司) (the “**Vendor**”) and Shanghai Woruiou Information Technology Co., Ltd. (上海沃芮歐信息科技有限公司) (the “**Target Company**”), together with its subsidiaries, the “**Target Group**”), pursuant to which the Company has agreed to conditionally acquire, and the Vendor has agreed to conditionally sell, the entire equity interest of the Target Company (the “**Proposed Acquisition**”). Shanghai Yunwan Fund Distribution Co., Ltd. (上海雲灣基金銷售有限公司) (“**Yunwan Funds**”), a wholly-owned subsidiary of the Target Company, possesses a fund distribution license issued by the CSRC in the PRC.

Completion of the Proposed Acquisition (the “**Completion**”) is subject to (i) Yunwan Funds maintaining its eligibility to carry on its fund distribution business in accordance with the applicable laws, regulations and regulatory requirements, (ii) approval being obtained from the CSRC regarding the change in the actual controller of Yunwan Funds, (iii) the existing share pledges of the Target Company being released, and that no other guarantees are imposed



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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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on the Target Group, (iv) the registered capital of Yunwan Funds being increased to RMB50 million with the relevant regulatory filings and approvals being completed and obtained, (v) completing the business registration of the equity interest transfer in the Target Company from the Vendor to our Group, (vi) payment of the consideration in accordance with the terms of the Equity Transfer Agreement, as further described under “– Consideration and basis of consideration” below, and (vii) completing the change of directors, supervisors, general manager and legal representative of the Target Company. Completion is expected to take place in March 2023.

### **Background information of the Target Group and the Vendor**

The Target Company is a company incorporated under the laws of the PRC and is wholly owned by the Vendor as of the date of this prospectus. The Target Group is primarily engaged in providing fund distribution services in the PRC through its online platform. Yunwan Funds, a wholly-owned subsidiary of the Target Company, is licensed with the CSRC to provide fund distribution services in the PRC. According to the unaudited consolidated financial statements of the Target Company, (i) the total assets of the Target Group amounted to approximately RMB688.7 million as of December 31, 2021, the total revenue of the Target Group amounted to approximately RMB2.0 million for the financial year ended December 31, 2021, the profits from the operations of the Target Group amounted to approximately RMB6.5 million and the loss before taxation of the Target Group amounted to approximately RMB4.2 million for the year ended December 31, 2021; and (ii) the total assets of the Target Group amounted to approximately RMB53.2 million as of December 31, 2022, the total revenue of the Target Group amounted to approximately RMB14.0 million for the financial year ended December 31, 2022, the profits from the operations of the Target Group amounted to approximately RMB8.9 million and the loss before taxation of the Target Group (after taking into account the one-off non-cash impairment losses on goodwill of RMB89.5 million, in relation to the previous restructuring of one of the subsidiaries of the Target Group) amounted to approximately RMB70.5 million for the year ended December 31, 2022.

The Vendor is an internet enterprise and financial services company mainly engaged in financial technology business with its focus on big data, artificial intelligence and other cutting-edge technologies, and is based in Shanghai, PRC. To the best of the knowledge, information and belief of our Directors, the Target Company, the Vendor and its ultimate beneficial owners are Independent Third Parties.

### **Consideration and basis of consideration**

The total consideration of the Proposed Acquisition is RMB135 million, as further adjusted with reference to the net asset value of the Target Company and Yunwan Funds, and the value of the long term equity investments of the Target Company as of the date of the Completion. The consideration for the Proposed Acquisition, if consummated, will be satisfied by the Group’s own source of funds and will not use any proceeds from the Global Offering. The consideration shall be payable in the following installments: (i) RMB40.5 million, being 30% of the total consideration, within five (5) business days upon entering into the Equity

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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Transfer Agreement; (ii) RMB40.5 million, being 30% of the total consideration, within ten (10) business days of submitting the relevant filing materials to the CSRC in relation to the change in the actual controller of Yunwan Funds; (iii) RMB27 million, being 20% of the total consideration, within ten (10) business days of the CSRC granting approval of the change in the actual controller of Yunwan Funds; and (iv) the remaining consideration within ten (10) business days after the settlement (or waiver) of the remaining matters as set out in the Equity Transfer Agreement, including (1) the transfer of intellectual property rights to Yunwan Funds from the Vendor and (2) assisting Yunwan Funds to obtain its updated fund distribution license. Should the CSRC not grant approval regarding the Proposed Acquisition within three months of the Equity Transfer Agreement, unless otherwise agreed between the parties, the Proposed Acquisition will be terminated, and the Vendor shall return to us all installments of the consideration paid by us in accordance with the Equity Transfer Agreement.

The consideration for the Proposed Acquisition is determined by commercial arm's length negotiations with reference to the valuation prepared by Beijing Zhengliao Asset Appraisal Co., Ltd (北京正聯資產評估有限公司), an independent valuer engaged by the Company, and is based on factors including market dynamics, the net asset value of the Target Group (including the value of its long-term equity investments) and/or capital required for the Target Group's operations. The value of the Target Group as of December 31, 2022, as appraised by the independent valuer, is approximately RMB131.6 million.

### **Reasons for and the benefit of the Proposed Acquisition**

The Proposed Acquisition is expected to create synergies and support the Group's long-term business development. Our Directors believe that the Proposed Acquisition will complement and support the growth of the Group, by providing additional business to the Target Group's fund distribution business through the Group's customer base, and at the same time, expanding the scope of services provided by the Group to meet the current and future asset allocation needs of the Group's own customers. Yintech Holdings does not conduct fund distribution business. Hence, the Proposed Acquisition will not create risk of potential competition between the Group and Yintech Holdings. For further details of the principal business of Yintech Holdings, please refer to the section headed "Relationship with our Controlling Shareholders". Accordingly, if consummated, our Directors believe that the Proposed Acquisition will be fair and reasonable and in the interests of the Shareholders as a whole.

### **Waiver in respect of the Proposed Acquisition**

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing rules in relation to the Proposed Acquisition. Please refer to "Waivers from Strict Compliance with the Listing Rules and exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Waiver in Respect of Proposed Acquisition after the Track Record Period" for further details.

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## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### **PUBLIC FLOAT**

Upon the Listing, the Shares held by Coreworth, Harmony Creek, Rich Horizon, Embrace Investments and RSU Holding Entity will not be counted towards the public float of our Company. Save for our Shares held by such Controlling Shareholders, our Shares held by other existing Shareholders and other public shareholders who subscribe for the Shares pursuant to the Global Offering, which amount to approximately 29.50% immediately after the Capitalization Issue and the Global Offering (assuming no Over-allotment Option is exercised) will be counted towards the public float. In addition, based on the Offer Price of HK\$17.88 per Offer Share (being the mid-point of the Offer Price range), the free float will be 17.38% of the total issued share capital of the Company immediately after the Capitalization Issue and the Global Offering (assuming no Over-allotment Option is exercised).

Taking into account our Shares held by the existing Shareholders of our Company and our Shares to be issued to other public shareholders pursuant to the Global Offering, our Directors are of the view that our Company will be able to satisfy the public float requirement under Rule 8.08 of the Listing Rules.

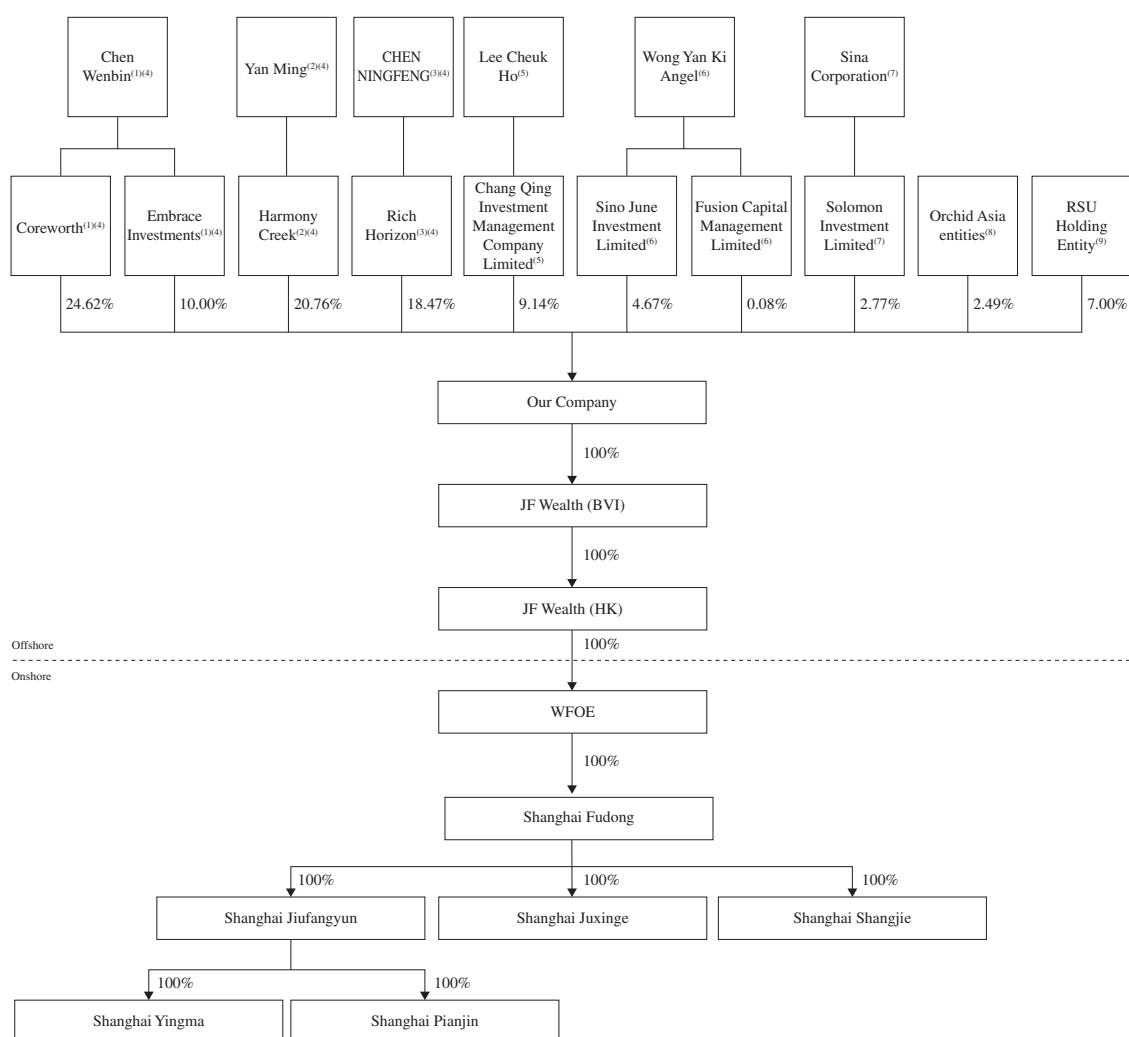
# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

## GROUP STRUCTURE OF OUR COMPANY

The following charts illustrate our corporate and shareholding structure (1) immediately after completion of Reorganization but prior to completion of the Capitalization Issue and the Global Offering and (2) immediately after the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option has not been exercised).

### (1) Group Structure after completion of the Reorganization but prior to the Capitalization Issue and the Global Offering

The following chart sets forth our corporate structure as of the Latest Practicable Date and immediately prior to the Capitalization Issue and the Global Offering:

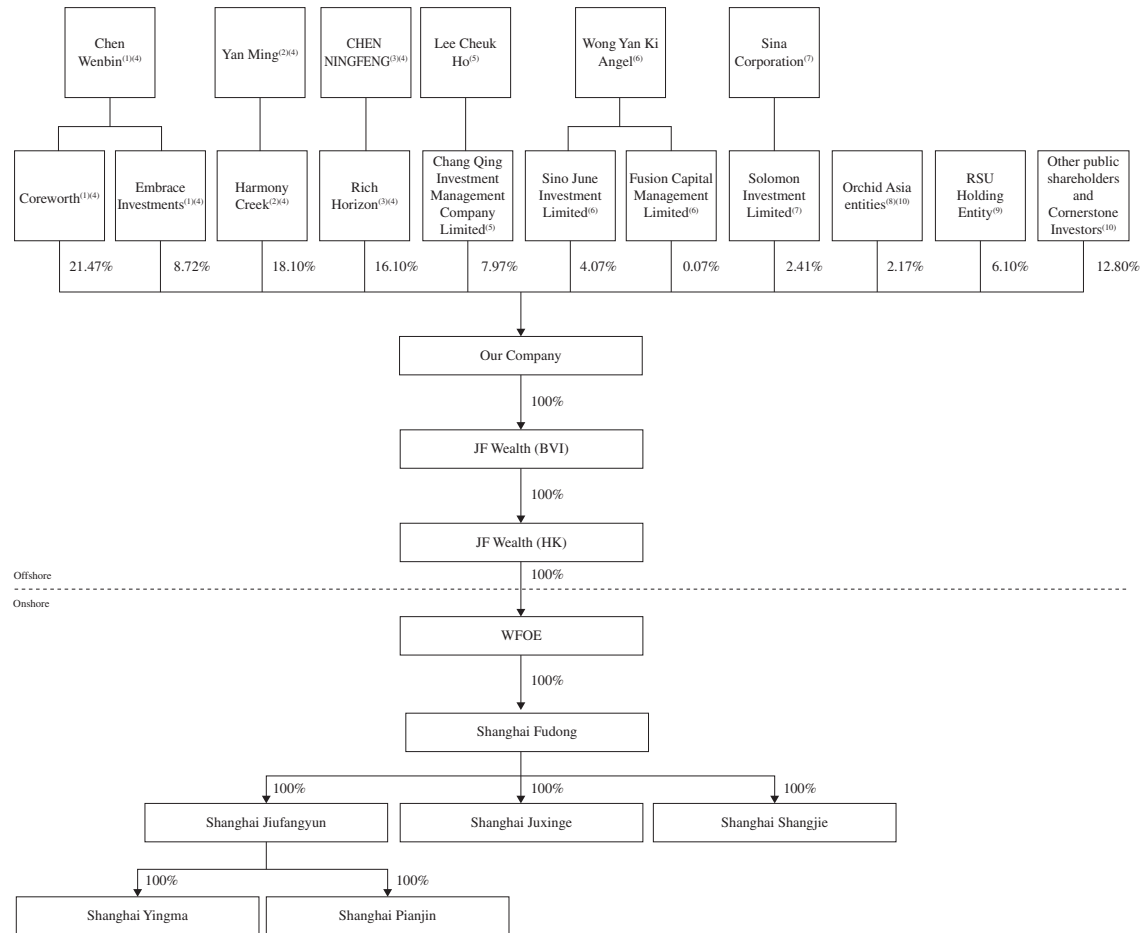


Notes (1) to (9): Please refer to the corresponding notes in the paragraph headed “– Capitalization Table” above.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### (2) Group Structure immediately after the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option has not been exercised)

The following chart sets forth our corporate structure immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option has not been exercised):



Notes (1) to (9): Please refer to the corresponding notes in the paragraph headed “– Capitalization Table” above.

Note (10): “Other public shareholders and Cornerstone Investors” refer to shareholders who subscribe for the Shares pursuant to the Global Offering and our Cornerstone Investors, which include one of our existing Shareholders, Orchid Asia CIL. For details, please refer to the section headed “Cornerstone Investors” in this prospectus.

### PRC REGULATORY REQUIREMENTS

#### M&A Rules

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, State Administration for Industry and Commerce (now known as State Administration for Market Regulation) and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a PRC company or individual that intends to acquire its/his/her related domestic company through an offshore company which it/he/she lawfully established or controls, such acquisition shall be subject to the examination and approval of MOFCOM. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of such special purpose vehicle.

Our PRC Legal Advisor is of the view that, based on their understanding of current laws and regulations, prior CSRC or MOFCOM approval for the Global Offering is not required under the M&A Rules.

#### Circular 37

In 2014, the State Administration of Foreign Exchange promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”). In 2015, SAFE further issued the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**Simplify Notice**”). The SAFE Circular 37 and the Simplify Notice require PRC residents to register with local branches of SAFE or competent banks designated by SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in the SAFE Circular 37 as a “special purpose vehicle”.

As of the Latest Practicable Date, none of our Shareholders was subject to the SAFE Circular 37 registration requirement.

## OVERVIEW

We are an online investment decision-making solution provider in China with a focus on the provision of education services and financial information software services in the online investor content service market. We offer online investor content services, including online high-end investor education services and online financial literacy education services, and financial information software services to help individual investors better understand the financial market and make investment decisions, instead of providing investment or stock recommendations. According to Frost & Sullivan, with total gross billing of RMB2,001.2 million and a market share of 5.9% in 2021, we were the second largest online investment decision-making solution provider in China. With gross billing of RMB1,390.7 million from our online high-end investor education services and online financial literacy education services and a market share of 11.2% in 2021, we were the largest online investor content service provider in China, according to the same source.

We launched our business to equip investors with financial knowledge and market experience via an investor education model and investment decision-making solution services. Since our inception, we have continuously enhanced our experience, knowledge and technology and have become a comprehensive, user-oriented, and internet-based investment decision-making solution provider. Our tailored and diverse offerings, ranging from basic wealth management knowledge to advanced investment practicing skills, addresses the distinctive investment decision-making needs of individual investors at all levels of investment experience. During the Track Record Period, we generated revenue from the following three offerings:

*Online high-end investor education services*



We started to provide online high-end investor education services in 2018. Online high-end investor education service typically refers to recorded videos or online live streaming courses delivering comprehensive trainings and classes to help investors form solid financial knowledge base. In line with industry practice, our online high-end investor education services provide comprehensive education curricula and internet-based professional investment decision-making solution services which are tailored for the mass affluent class in China, i.e., individual investors with a balance of investible securities equal to or above RMB300,000 or typically an average annual household/individual income within RMB500,000. Our services are primarily delivered in the form of pre-recorded online courses, livestreaming broadcasts, express market reviews, as well as various premium services such as one-on-one advisory services. We mainly provide our online high-end investor education services through SmartInvest Pro, our proprietary App with both mobile and PC versions. The gross billing of online high-end investor education services was RMB413.4 million, RMB1,026.2 million, RMB1,373.0 million, RMB1,043.2 million and RMB902.8 million, respectively, in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022.

*Financial information  
software services*



We launched financial information software services in 2021. Our financial information software services provide professional, timely and broad financial market related information, data analysis, and investment decision-making support to our customers with greater investment experience and more complex needs, expanding our customer base amongst more seasoned individual investors. We mainly provide our financial information software services through SmartInvest Info, our proprietary App with both mobile and PC versions. The gross billing of financial information software services was RMB610.5 million, RMB415.1 million and RMB608.7 million in 2021 and the ten months ended October 31, 2021 and 2022, respectively.

*Online financial literacy  
education services*



We have been offering online financial literacy education services since December 2020. Our online financial literacy education services focus on providing financial knowledge and asset management skills for novice individual investors through SmartInvest Intro, our proprietary mobile App. However, we switched our focus from online financial literacy education services to the other two offerings since 2022 as we believe the target customers of online financial literacy education services were more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, and the gross billing of online financial literacy education services was RMB0.05 million, RMB17.7 million, RMB17.1 million and RMB0.008 million, respectively, in 2020, 2021 and the ten months ended October 31, 2021 and 2022, which contributed less than 0.1%, 0.9%, 1.2% and less than 0.1% of our total gross billing during the same periods.



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The following table sets forth the target customer group, the subscription price range, and the major activities engaged in by our employees under each of our three offerings during the Track Record Period:

	Target customer group	Subscription price range	Key Services	Selected examples/scenarios
Online High-end Investor Education Services	The mass affluent class in China of individual investors with a balance of investible securities equal to or above RMB300,000 or typically an average annual household/ individual income within RMB500,000; customers are primarily white collars, freelancers and retirees, and tend to seek comprehensive trainings and classes to form solid financial knowledge base	<i>Standard:</i> RMB29,800 per six months <i>Premium:</i> RMB69,800 per three months, or RMB139,600 per six months	Pre-recorded online courses	Customers take a 20-minute online industry analysis course and learn how to analyze specific industries through multiple perspectives including industry segmentation, value chain analysis, market size, and competitive landscape
			Livestreaming broadcasts	Customers participate in livestreaming video sessions and learn how to analyze the performance of specific stocks by conducting case studies on sample stocks along with our certified lecturers
			Express market reviews	Customers can check after-trading review columns daily at 6 p.m. and learn about the latest market news, and notable stocks of the day
			One-on-one advisory services ( <i>exclusive to premium package</i> )	Customers interact with our one-on-one consultants, and receive views and strategies on 24/7 basis with respect to queries and issues encountered while using our services. Such service aims to assist investors to better understand the financial market and to better make investment decisions
			Investment strategy services ( <i>exclusive to premium package</i> )	Customers can access compilations of case study reports on the past performance of sample stocks and learn about respective investment strategies synthesized by the Jiufoang Research Institute via special function module in SmartInvest Pro

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	Target customer group	Subscription price range	Key Services	Selected examples/scenarios
Financial Information Software Services	Individual investors with an average annual household/individual income within RMB500,000; customers mainly include white collars, freelancers and retirees, and seek to gain knowledge of market intelligence, professional indicators and technology-featured operation interface to understand market trends and facilitate their investment analysis and decision process	<i>Standard:</i> RMB5,800 per year <i>Premium:</i> RMB28,800 per six months) <i>Deluxe:</i> RMB68,800 per six months	Technology-empowered toolkits  Value-added contents: One-on-one advisory services (exclusive to deluxe version) Investment strategy services (exclusive to deluxe version) Pre-recorded online courses Livestreaming broadcasts Express market reviews	Customers can quickly assess the basic performance of specific stocks through a variety of professional tools and indicators, such as KDJ and moving average convergence divergence (“MACD”) which assigns a performance score to individual stocks by incorporating factors like capital inflow, valuation and news coverage  For premium and deluxe versions, we offer value-added contents to help investors better understand various financial indicators and the rationale of analysis methodologies. For the deluxe version, we exclusively offer one-on-one advisory services and investment strategy services to meet more personalized demands of the customers in using financial information software tools and during investment analysis process
Online Financial Literacy Education Services	Novice investors seeking to learn basic investment knowledge	<i>Standard:</i> RMB6,980 per three months	Online mini lecture  Livestreaming sessions	Customers take a 10-minute preliminary course introducing the basic concepts of funds, such as the definition and categorization of a fund, its features, and the risks associated with fund investment  Customers participate in livestreaming video sessions with specific theme based on the overall curriculum

As advised by our PRC Legal Advisor, our provision of online high-end investor education services and financial information software services requires the Securities Investment Advisory License; while provision of the online financial literacy education services does not require for such license as they are not involved in any analysis, prediction or suggestion on securities market, products or investment.

We are dedicated to providing individual investors with digitized professional financial contents and information to cultivate their investment and wealth management capabilities, facilitate their investment decision-making processes. Our unique traffic matrix is critical to our expansion of audience base and acquisition of new customers. Leveraging our strong content production and distribution abilities, we establish the traffic matrix by producing and distributing quality contents through various media platforms, including traditional media,

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internet terminals and MCN channels, to reach and attract potential customers. Based on the multifaceted data accumulated from such media platforms, our AI algorithm and big data analytics empower our operation of traffic matrix and data analytics process, the results of which provide valuable insights for us to design and deliver offerings to meet diversified needs of our customers. The synergies between traffic matrix establishment and operation constantly provide us with feedbacks of our potential customers, enabling our research and development team to offer systematic, innovative content services and high-quality customer supports that improve customer satisfaction. These factors are the foundation on which we execute our growth strategies and enhance our monetization capabilities through our revenue-generating services.

We are one of the first companies in China to obtain a Securities Investment Advisory License to conduct our investment decision-making solution services with a professional team. We have built a culture of compliance through years of prudent operations. As of October 31, 2022, we had 211 employees with the securities investment advisor qualification granted by SAC, ranking first among the 81 companies with Securities Investment Advisory License, according to the information displayed on the official website of SAC, and 1,077 employees with the securities practitioner qualification. On May 22, 2021, we were elected as a member of the seventh term administrative committee of SAC.

### **OUR COMPETITIVE STRENGTHS**

#### **A major online investment decision-making solution provider in China**

We are a major online investment decision-making solution provider in China with a focus on the online investor content service market in China. According to Frost & Sullivan, we were the second largest online investment decision-making solution provider in China in terms of gross billing in 2021, with total gross billing of RMB2,001.2 million and a market share of 5.9%. Further, with gross billing of RMB1,390.7 million from our online high-end investor education services and online financial literacy education services in 2021, we were the largest online investor content service provider in China with a market share of 11.2% in China. In addition, we were also the largest online high-end investor education services provider in China with a market share of 31.9% in China in 2021. We have achieved rapid growth of business during the Track Record Period, leveraging our market position.

We endeavor to utilize various media platforms to create sought-after contents among individual investors. We strive to relieve technical barriers for individual investors to participate in the financial market. We have focused on providing services to the mass affluent class of individual investors in China. We have built a traffic matrix using various media platforms to produce and broadcast our tailor-made contents for individual investors and achieve 24/7 coverage of our potential customers. Through our continuous investment in content production and distribution, we are able to cater to the various needs of investors for related contents.

**Our traffic matrix using various media platforms to increase user traffic and attract potential customers**

Our traffic matrix using various media platforms is the key momentum behind our traffic and customer acquisition process. We can more efficiently and effectively identify, target and attract potential customers through various media platforms from traditional media, such as TV and radio, to internet terminals, such as Smart Selection (會選股) App, our official website and our embedded features built in Baidu and 360 search engines, as well as MCN channels, represented by financial self-media IPs operating on various social media platforms.

***Constant and high-quality traditional media broadcasting***

We have established in-depth strategic cooperation with mainstream TV media including China Business Network (CBN) in Shanghai, Hubei Satellite TV and Tianjin Satellite TV. We collaborate closely with mainstream TV media for TV program production and have launched various professional finance TV programs, such as “Night View of Finance” (“夜觀財經”) on Hubei Satellite TV, and “Financial Vision” (“財經視界”) on Tianjin Satellite TV. We also have branding & advertisement cooperation regarding “Today’s Stock Market” (“今日股市”), “Talking about Stocks” (“談股論金”) and “Companies and Industries” (“公司與行業”) on CBN; “Wealthy Mindset” (“天生我財”) on Hubei Satellite TV. In particular, “Wealthy Mindset” (“天生我財”) on Hubei Satellite TV had an AvRch of 1.5 million in 2021. According to Frost & Sullivan, it was the most watched investor content services related TV program among province-level TV channels in China in 2021. In addition, we jointly organized the live broadcasting of Warren Buffett’s Berkshire Hathaway annual meetings in 2020 with CBN, which reached 1.3 billion in terms of amount of exposure in 2020. In 2021, the average daily viewership of our TV programs made in collaboration with TV media was 2.0 million, of which the average daily viewership of programs on province-level TV channels was 1.7 million.

We have also closely cooperated with mainstream radio broadcasting media including China National Radio (CNR) Business Radio and CBN Radio through advertising. In 2021, the average daily listenership of our collaborated radio broadcasting media was 1.4 million.

***Content-enriched MCN channels***

We enhance user stickiness and attract new customers through publishing high-quality contents on emerging user traffic portals and building up our high-quality MCN channels. We convert difficult and obscure financial and wealth management knowledge into a broad range of contents of interesting formats to increase users’ learning interests, including video, live broadcasting, online radio and audio lessons, articles and images. As of December 31, 2022, we had a total of 245 accounts operated by MCNs on various internet platforms with approximately 36.0 million followers. For the 30 days ended December 31, 2022 alone, we have obtained approximately 133.4 million video or page views and approximately 1.8 million interactions. We have also been focusing on cultivating high-quality MCN channels to increase user stickiness and help convert users to customers. Our MCN channels are highly influential in the market and are widely recognized.

***Investor-tailored, user-friendly internet terminals***

We extend our reach to individual investors directly through our own internet terminals for both the new generation of mobile-first investors and the traditional user base of PC-oriented investors. With our light and familiar user interface, individual investors are able to conveniently navigate between topics and functions of our Apps, which in turn lengthens the average usage time, increasing the likelihood that free users might choose and pay for our crafted offerings. Our investor-oriented approach has made our terminals both easy to use and informative for the new generation of mobile-first customers. For example, our App, Smart Selection (會選股), is one of the major internet terminals with mobile versions that we use to distribute informative contents to attract potential customers. As of October 31, 2022, Smart Selection (會選股) had approximately 4.0 million registered users. According to Frost & Sullivan, with an average MAU of 0.7 million, our Smart Selection (會選股) mobile App ranked ninth in 2021 among online financial investment services mobile Apps that are operated by parties independent from securities institutions in China. With the average MAU growing at a CAGR of 152.6% from 2018 to 2021, our Smart Selection (會選股) mobile App was also the fastest growing mobile App among the online financial investment services mobile Apps that are operated by parties independent from securities institutions in China. As of October 31, 2022, we recorded more than 3.5 million average monthly page views of our embedded features built in Baidu and 360 search engines for the previous 12 months.

**Differentiated offerings and strong product development capabilities*****Professional team with prudent and efficient methodology of product development***

Our product development team, Jiufang Research Institute, is responsible for the development of the contents of our offerings. As of October 31, 2022, Jiufang Research Institute had 115 professionals with various experience in research, investment and other financial fields. Our Jiufang Research Institute covers areas including macro politics and economics, industries, companies, and financial engineering. The research results have become important basis for our analysis and published contents. As of October 31, 2022, we had 37 certified lecturers for our online high-end investor education services and 24 certified lecturers for our financial information software services, and among them, we had 15 certified lecturers for both online high-end investor education services and financial information software services. As of October 31, 2022, all of our certified lecturers were full-time employees. Our certified lecturers are responsible for delivering tailored contents of our offerings to our customers and adjusting the contents regularly to adapt to the latest market trends as well as to cater to the distinctive investment decision-making needs of individual investors at all levels of investment experience. With our mature course design, diversified course delivery formats and multiple content delivery channels, we are widely recognized for our high-quality course contents that are constantly updated and rapidly adapted to market changes.

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As of October 31, 2022, our online high-end investor education services had offered over 2,230 recorded video lessons with more than 55,820 minutes in total, and over 3,890 livestreaming broadcasts totaling over 109,670 minutes. Our course contents are highly valued by our customers as it is tailored to their interests and needs. As of October 31, 2022, on average each of our customers of our online high-end investor education services had taken 23 pre-recorded courses and watched livestreaming broadcasts 815 times. As of October 31, 2022, our customers were satisfied with the content of our courses, with low complaint rate on unsatisfactory products or services and unsatisfactory customer support. We had a customer complaint rate of approximately 0.3% during the Track Record Period, which was lower than the typical average complaint rate of approximately 0.5% from 2019 to 2021 and approximately 1.0% in the first half of 2022 among online high-end investor education services providers, according to Frost & Sullivan.

### *Experiences and Insights into China capital market and Chinese individual investors*

Our competencies in accurately identifying and satisfying unmet consumer demands are largely attributable to our experiences and in-depth understandings into China capital market and Chinese individual investors. We are one of the first companies in China that obtained the Securities Investment Advisory License issued by the CSRC. On May 22, 2021, we were elected as a member of the seventh term administrative committee of SAC. The first-mover advantage enables us to accumulate exuberant experience in gaining market insights and developing diverse products with contents catered to various needs of individual investors.

### *Agility and Adaptability in the management of our contents*

Leveraging our experiences from the development of the contents of online high-end investor education services, we developed financial information software services and will constantly update the contents therein based on feedback from our users. We also pay close attention to the latest market developments and will swiftly correspond to our customers' focuses on market hotspots such as new energy, innovative technology and new consumption, by updating our course contents with new materials to reflect emerging trends and focused areas, which, we believe, solidifies our customer base and helps attract new users. Our experiences accumulated in the teaching process also help to rapidly and efficiently produce online financial literacy education contents.

### *Bespoke and diversified offerings*

Accredited to our in-depth knowledge of the China capital market and Chinese individual investors, our tailored and diverse offerings addresses the distinctive investment decision-making needs of individual investors at all levels of investment experience, covering online high-end investor education services, financial information software services and online financial literacy education services. The multi-tier services cater to the varying demands of different customers with various backgrounds.

Our online high-end investor education services are tailored for the mass affluent class. We have formed an investor education model that includes teaching, learning, practicing, guiding and companion and combining professional investment and wealth management knowledge with practices to enhance the learning experiences of our customers. Our financial information software services expand our customer base through serving the needs of individual investors with greater investment experience and more complex needs, by assisting them with investment timing decision and portfolio selection. The online financial literacy education services are designed for novice investors, popularizing basic investment and wealth management knowledge.

Our services seamlessly integrate personalized and professional financial information that we believe is relevant to various individual investors with different investment backgrounds. Furthermore, our contents are systematically arranged in our terminal database and presented with searchable categories, sub-categories and tags so that individual investors can conveniently pinpoint a particular pool of contents by searching for key tags or criteria or by simply browsing by subjects, providing more user-friendly content acquisition methods and enhancing interaction with customers, thereby enhancing customer stickiness.

### **Strong technology capabilities and creative technology enabled operation model**

We have built a fully digitized financial information processing and analysis system to connect information flow, data flow and our customers, based on underlying technologies including AI, cloud, big data and blockchain. As of the Latest Practicable Date, we had registered in China a total of seven patents and 72 copyrights. As of October 31, 2022, our R&D department had 480 professional staff, representing 21.0% of the total workforce.

Premised on the foundation infrastructure of AI, cloud and big data, and blockchain technology, we established two core technology center offices: a business center and a data center. With over 300 cloud servers deployed, our enterprise-level data management center can simultaneously process thousands of queries per second, underpinning the data-based customization and intelligent services in the front office and ultimately empowering operations efficiency, risk compliance and business management.

Accredited to our potent center offices, we construct a full-cycle intelligent operational management system that penetrates all level of our business, empowering our sales, marketing and customer support functions. Our self-developed operational management system “Libra” allows our sales and marketing staff to efficiently and effectively conduct content screening, content distribution, advertising, order management and permission setting for our customers, with more than 96,000 operation instructions being processed per working day for the ten months ended October 31, 2022. Our sales leads management system “Finder” equips our sales and marketing staff with a full suite of tools all the way from sales leads distribution, community management, continuous customer reach, customer profile management to deal handling. As of October 31, 2022, we had accumulated approximately 28.3 million sales leads. With our proprietary AI compliance system, we are able to achieve link-wide business process monitoring, full-chain traceability and real-time alerting, ensuring compliance in all lines of our customer services.

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On the user side, through breaking down various needs in different user scenarios, we have built a fully digital financial data processing and information analysis system under the highly usable, highly scalable and highly reliable microservice clusters. We have designed an all-in-one intelligent investment robot “AI Fortune” (AI旺財) that brings together functions like search engine, encyclopedia, stock diagnosis and stock selection, all powered by deep-learning, speech recognition, NLP and other technologies. With the technological support, we are able to provide our customers with in-depth customization and content recommendation based on big-data analytics through our Apps and website.

### **Visionary and experienced management**

Our management team has extensive experience and in-depth understanding of the industry, which helps direct the development and growth of our business.

Our founder and chairman, Mr. Chen Wenbin, has more than 20 years of experience in the financial industry. He has extensive industry experience and insights of potential opportunities. Our CEO, Mr. Cai Zi, has more than 10 years of professional experience and a solid professional background in the field of information technology and finance, and had participated in the design of multiple digital financial content and information service products. See “Directors and Senior Management.”

All of our management team members have more than 10 years of experiences in their respective fields and offer complementary knowledge backgrounds. Many of our management team members had served as executives of other financial sector companies and have extensive management experience. Our management team is committed to providing high-quality services to Chinese individual investors through a user-centric approach.

### **OUR STRATEGIES**

To enable more professional investment and more convenient wealth management, become a lifelong partner for customers’ investment and wealth management, and solidify our market position, we plan to implement the following strategies:

#### **Strengthen our market leadership through expansion in financial information software services and continuous focus on online investor content service market**

To further grow our business in investment decision-making solution services, we intend to further strengthen our product development ability by dedicating more resources to our product development team, namely Jiufang Research Institute, which, we believe, enables us to maintain and enrich the contents of our online high-end investor education services by further developing courses including fixed income products and insurances. To facilitate our product development, we expect to procure external research reports and market information data, and launch special events with industry experts. We also plan to procure high-quality contents which are in line with our content style and with synergistic effect with our offerings. We believe there will be sufficient demand for our expansion plans and extension of product



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and offerings to cover fixed income products and insurance in addition to the A-share stock related topics. First, although currently our offerings only cover A-share stock related topics as well as basic introductory investment and wealth management knowledge, many of our R&D staff is well equipped with relevant knowledge and skills to develop contents to cover fixed income and insurance related topics, based on our strong product development capabilities. Second, there is expected to be sufficient demand in the market after the implementation of the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions (關於規範金融機構資產管理業務的指導意見) in 2018. Such guidance clearly prohibited commercial banks from guaranteeing principal amount and returns on their wealth management products, significantly increasing the risk of such wealth management products. As a result, investors began to realize the importance and necessity of equipping themselves with financial knowledge and managing assets properly, leading to increasing demands for online investment decision-making solution services that help investors understand the market and make scientific investment decisions. According to Frost & Sullivan, from 2018 to 2020, the online high-end investor education service market, the financial information software service market, and the online financial literacy education service market grew at a CAGR of 43.3%, 20.1%, and 32.8%, respectively. In addition, since inception, we generally have experienced growth in our business and operations although the number of paying users decreased in the ten months ended October 31, 2022, compared to the same period in 2021. Going forward, we will continue to monitor the latest development to further expand our customer base and increase our brand awareness, and we believe that our customers are willing to learn about a wider range of topics from us.

We will also strengthen our market leadership through expansion in financial information services by further utilizing AI technology and crafting new market review toolkits. We plan to adopt the AI technology to (i) categorize the contents provided under our offerings into different genres based on their styles, strengths, stability and experiences, and accordingly make recommendations to customers when the AI algorithm identifies customers' matching needs; (ii) design customized analysis and recommendations based on each customer's preference and appetite, enhance user interaction through human-machine interaction and integration of online and offline approaches, so as to better companion our customers and improve customer experience; and (iii) facilitate our more efficient and comprehensive understanding in customers' needs. On this basis, new market review toolkits powered with AI technology can help instill investment knowledge, cultivate healthy investment habits, and further enhance customer stickiness and revenue sustainability.

In addition, we seek to continuously focus on online investor content service market to attract new onboard individual investors, increase user traffic and expand our customer base. We are committed to exploring innovative formats of course delivery and smooth user experiences of our customers by flexibly combining multifarious formats like live broadcasts, recordings, texts and images. Our product development team will continue to generate accessible contents and diversify course offerings to cater to the specific needs of all individual investors with differentiated skill levels, which strengthens our position in online investment decision-making solution market.

### **Invest in our traffic matrix and focus on emerging user traffic portals**

Our traffic matrix is at the heart of our business model. We will continue to optimize the efficacy of our multi-faceted traffic matrix through intensive collaboration with top-notch user traffic portals like WeChat official accounts, Douyin (抖音) and Kuaishou (快手) to acquire user traffic, capture high-quality media resources and increase brand equity. With a growing follower base on short-form video platforms, we also plan to expand our partnership map with short-form video platforms, MCN channels and intelligent hardware platforms to further extend our reach to customers with our high-quality finance related contents. We believe that the growing short-form video base will become a prevalent source of our expansion in online media platforms and enhance our brand coverage facilitating the conversion of our audiences to our customers.

We intend to further promote our brand through a convergence of advertising activities through mainstream traditional media platforms, as well as marketing campaigns through emerging online user traffic portals, reputable internet terminals and media platforms to differentiate us from our competitors and increase the profile and value of our brand to our target customers. Specifically, we plan to initiate a series of marketing campaigns on user traffic portals like WeChat, Weibo and Douyin (抖音) to increase daily interaction with our customers through these social media platforms. We will also be dedicated to studying the ever-changing trends and preferences of our potential customers to tailor our promotional initiatives to better attract them to subscribe to our offerings. We will continue to orchestrate online marketing and promotional events to increase customer engagement, promote customer conversion, and eventually help us capture a greater market share.

### **Invest in R&D and strengthen our technology capabilities**

We place a high value on our accumulated data assets and intend to continue to increase our investment in R&D to strengthen our technology capabilities by upgrading the performance of SmartInvest Pro and SmartInvest Info and improving our overall technology capabilities.

Our dedicated and professional R&D crew is the backbone of our continuous success. As such, we are committed to building a strong R&D department by recruiting and retaining talented and professional R&D personnel, including algorithm engineers, database architects, mega-data processing managers, information security officers, and increasing the overall headcount of our R&D team to strengthen department synergy. Further, we will constantly refine our competitive salary and promotion program and diversify our career development paths to motivate employees and improve their productivity. See “– Employee.”

We plan to incorporate more value-added functionality for SmartInvest Pro and SmartInvest Info, such as real-time market information analysis of foreign securities markets, customized technology-empowered toolkits and real-time responses capabilities, and optimize the visual look of our Apps and website, such as the content layout and display. In addition, we expect to develop more self-owned intellectual property related to AI modules and toolkits modules to facilitate our main business.

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Our technology infrastructure is also key to maintaining our advanced position. We intend to devote substantial resources to incorporating and integrating the latest technologies throughout our technology system, such as the latest high-speed data storage servers and cloud services to improve the technology infrastructure for our short videos. These technologies enable us to increasingly integrate advanced AI technology and machine learning algorithms into our services to refine our recommendation mechanisms, strengthen our AI video production capabilities, provide simpler and faster user access to our services and enhance user experiences.

### **Strategically pursue suitable acquisition targets and seize expansion opportunities**

Based on our insights and extensive experience in the industry, we plan to extend our outreach to customers by selectively investing in enterprises that can provide platforms, offer solutions or services aligning with our expansion path or fulfilling the needs of our customers.

We intend to strategically seize suitable acquisition targets that complement our existing business and are conducive to our long-term development goals. In particular, we plan to make strategic investments in and acquisitions of KOLs or MCNs which possess professional content production abilities and high growth potential to increase our brand visibility and expand our offerings in the wealth management service market. We intend to select potential targets that meet the following standards: (i) specialized in investor content topics, (ii) stable production team, and (iii) high volume or high-quality traffic on one or multiple platforms. We believe that these investments can supplement our self-operated MCNs and further diversify our revenue streams, ultimately supporting the development and growth of our ecosystem.

Further, with our goal for our offerings to be expanded into robust sectors like funds and insurance, we intend to seek expansion or partnership opportunities with companies with relevant financial services related licenses and partnership opportunities with leading and rising companies in the relevant sectors or acquire equity stakes in enterprises that offer complementary or compelling offerings. Combined with our content production and market operation capability, this expansion path enables us to enrich our offerings by launching diversified intermediary services including fund sales and insurance brokerage services which, we believe, would differentiate our services with those of our competitors.

We also seek to leverage our market position and our brand to continue to promote and improve industry standards and strive to optimize the consolidation of upstream, downstream and media resources. We plan to steadily expand into overseas markets with strong development potential and high synergies with our existing business map through direct expansion, collaborations with local enterprises or acquisitions to capture new growth opportunities. We believe that, as investors globally share similar demands for readily accessible, in-depth investment insights and knowledges, there are enormous market opportunities for us to capture. To that end, we intend to seize partnership opportunities with leading companies or to acquire interests of suitable rising companies in overseas markets.

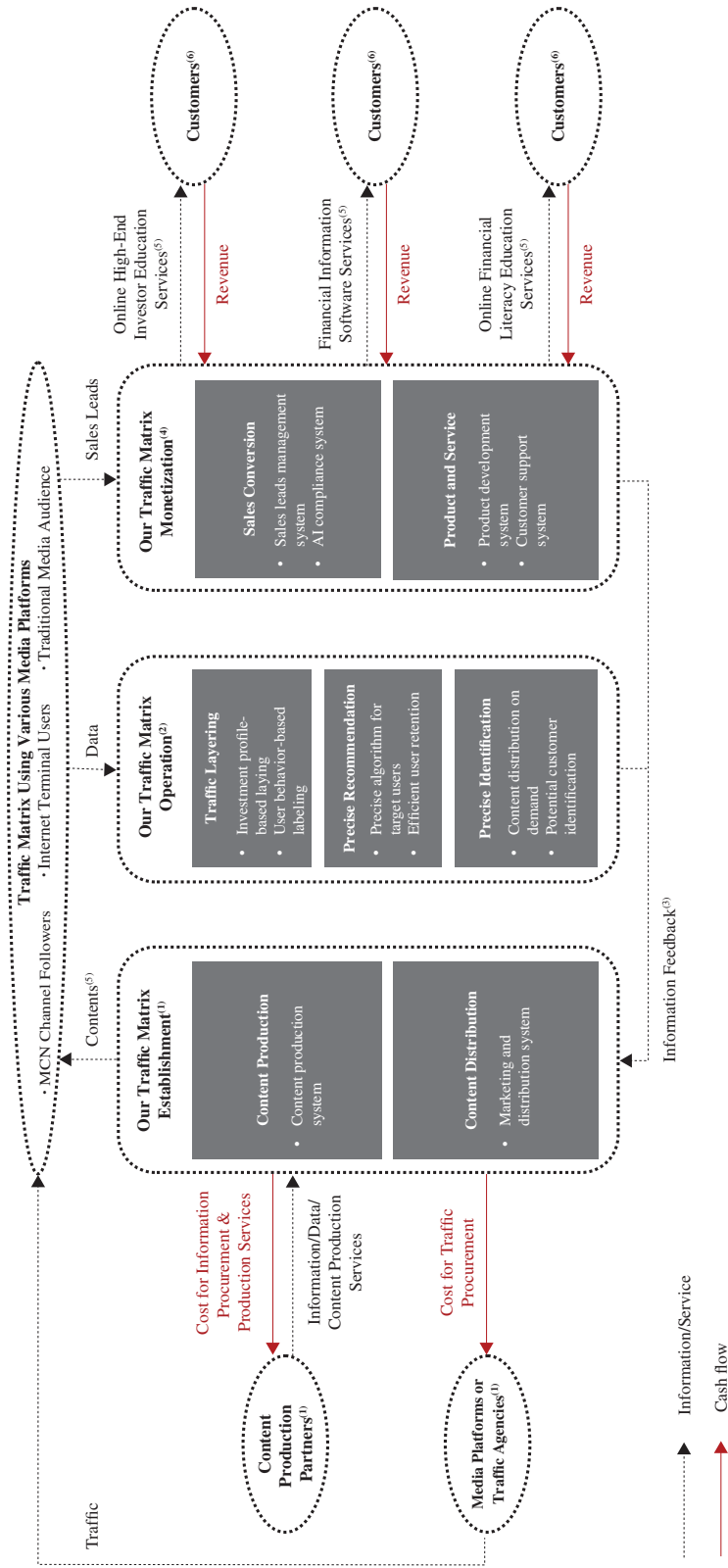
### **Further attract, retain and incentivize talents**

We will continue to enhance our competitive ascendancy through recruiting and retaining industry-leading technology, finance and production professionals to diversify our talent echelon. We plan to recruit talents to enrich our content development and production team, such as recruiting additional research professionals to replenish our Jiufang Research Institute, which, we believe, can empower us in the daily process of generating high-quality contents.

We seek to attract talents through our competitive remuneration package, corporate culture and renowned reputation and strive to provide outstanding employees with opportunities to become team leaders and industry experts. Our human resources management team will continue to regularly review and refine our talent program with solid training, incentive and promotion mechanisms, diversified career development paths and platforms to incentivize and retain excellent employees to align their benefits with our interests. Through instilling our mission and the professionalism of our corporate culture, we will be able to foster a robust work atmosphere and cultivate a sense of belonging which helps improve the productivity of our employees and ultimately enhance our service quality.

**OUR BUSINESS MODEL**

The following chart illustrates our business model:



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*Notes:*

- (1) We acquire market information from our upstream financial information suppliers such as stock exchanges as well as official finance and economics media. We also engage or cooperate with third-party content production partners such as professional studios, who are our suppliers, throughout the content production process, from scriptwriting, directing, shooting to post-production of contents. After production, our contents are published on our MCN channels, internet terminals and traditional media or distributed by our contracted agents. See “– Our Business Model – Traffic Matrix Establishment.”

We procure internet traffic from media platforms or traffic agencies, through which we distribute our free-of-charge contents to our audience.

- (2) We conduct traffic profiling and layering upon multi-faceted data collected from our customers and generate user profiles with multivariate dimensions. Based on their user profiles, our precise-reach algorithm will then curate the content feeds that the audience receives. See “– Our Business Model – Traffic Matrix Operation.”
- (3) Information feedback from operation stage and monetization stage would be further analyzed and utilized by our AI technology to generate tailored and targeted contents on various media platforms. Based on the full-cycle user data analysis we conduct in the operation stage pertaining to content preferences, behavioral features, monetization periods and average order value, we are able to channel these features back into our traffic matrix establishment stage to optimize the process of channel selection and audience targeting. See “– Our Business Model – Traffic Matrix Operation – Feedback Loop from Operation Stage to Establishment Stage.”
- (4) Through the establishment and operation of our traffic matrix, we are able to accumulate sales leads including, among others, contact details provided by potential customers interested in our contents or messages left by such potential customers through, for example, our official website or our Smart Selection (會選股) App. Our sales leads management system equips our sales staff with a full suite of tools all the way from sales leads distribution, community management, continuous customer reach, customer profile management to deal handling. For example, the system automatically distributes the sales leads to our sales staff, enabling our sales staff to reach out to the potential customers that demonstrates adequate interest in our contents distributed through the MCN channels, internet terminals and traditional media and is willing to subscribe to our offerings. See “– Our Business Model – Traffic Matrix Monetization.”
- (5) Since February 2018, we have engaged Fumeng, a holder and the service vendor of AVP License, to provide technology and service for video and audio broadcasting on our internet terminals and our revenue-generating Apps. See “– Our Suppliers.”
- (6) Our customers are the individual paying users of our offerings, namely, online high-end investor education services, financial information software services and online financial literacy education services. See “– Our Customers.”

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Our traffic matrix using various media platforms is the key momentum behind our traffic acquisition and customer acquisition processes. We can more efficiently and effectively identify, target and attract potential customers through various media platforms, from traditional media, such as TV and radio, to internet terminals, such as Smart Selection (會選股) App, our official website and our embedded features built in Baidu and 360 search engines, as well as MCN channels, represented by financial self-media IPs operating on various social media platforms. As of December 31, 2022, we had published our contents through 67 social media accounts including WeChat official accounts and Weibo accounts, 173 video accounts on platforms including Douyin (抖音) and Kuaishou (快手), and five online radio and audio accounts; our traffic matrix of MCN had a total of 36.0 million followers. For the 30 days ended December 31, 2022, we delivered more than 1,500 articles, 1,400 videos, 120 audios, totaling approximately 1.7 million words of text information, 2,500 minutes of videos and 1,200 minutes of audios, with video viewership of 106.1 million, online radio listenership of 17.3 million, online reading time of 10.0 million minutes and 1.8 million interactions. For the 30 days ended December 31, 2022, we delivered/published 1,166 live broadcasts through 60 video accounts with total duration of 92,238 minutes, accumulating viewership of 17.7 million and interactions of 45.9 million. As of October 31, 2022, our Smart Selection (會選股) App had approximately 4.0 million registered users. As of October 31, 2022, we recorded more than 3.5 million average monthly page views of our embedded features built in Baidu and 360 search engines for the previous 12 months. Our collaborated TV programs were watched by an average of 2.0 million viewers on a daily basis in 2021. We optimize the efficacy of our traffic matrix in brand exposure, user acquisition and revenue generation through three processes: (i) traffic matrix establishment, (ii) traffic matrix operation and (iii) traffic matrix monetization.

### **Traffic Matrix Establishment**

Production and distribution of our contents is at the heart of our traffic matrix establishment. Through content production and content distribution, our traffic matrix is imbued with both the user traffic and the contents, which lay down a foundation for us to develop a better understanding of our potential customers.

### ***Content Production***

Since our inception, we have amassed a group of content development and production team to search, collect and design contents. We acquire market information from our upstream financial information suppliers such as stock exchanges, official finance and economics media. Our staff is also responsible for drafting news editorials and commentary articles to be distributed on our traffic matrix. We engage or cooperate with third-party content production partners such as creative studios throughout the content production process, from scriptwriting, directing, shooting to post-production of contents. Since August 2021, we have engaged Shenzhen Huatian, a holder and the service vendor of RTPPO License, to provide video, audio and livestreaming broadcast production services to us. See “– Our Suppliers.”

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### *Content Distribution*

After production, our contents are published on our MCN channels, internet terminals and traditional media or distributed by our contracted agents to other platforms where we have not established an existing follower base or to individuals directly. Our contents are accessible by platform audience free of charge. For the video and audio broadcasting on our internet terminals, we engaged Fumeng, a holder and the service vendor of AVP License, to provide video and audio broadcasting technology and service during the Track Record Period. See “– Our Suppliers.”

The tables below set forth the breakdown of gross billing and the number of paying users by marketing channels during the periods indicated.

Gross billing:	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in millions, except for percentage)</i>									
MCN channel	54.6	13.2	324.1	31.6	1,361.5	68.0	975.2	66.1	1,288.3	85.2
Traditional media	271.5	65.7	508.0	49.5	452.1	22.6	342.3	23.2	190.3	12.6
Internet terminals	87.3	21.1	194.1	18.9	187.6	9.4	157.9	10.7	32.9	2.2
<b>Total</b>	<b>413.4</b>	<b>100.0</b>	<b>1,026.2</b>	<b>100.0</b>	<b>2,001.2</b>	<b>100.0</b>	<b>1,475.5</b>	<b>100.0</b>	<b>1,511.5</b>	<b>100.0</b>
	<i>(RMB in millions, except for percentage)</i>									
Number of paying users:	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	Number	%	Number	%	Number	%	Number	%	Number	%
MCN channel	1,787	13.6	10,653	32.9	77,200	69.9	65,911	68.7	46,298	85.9
Traditional media	8,504	65.0	15,750	48.6	17,008	15.4	14,563	15.2	6,261	11.6
Internet terminals	2,799	21.4	5,999	18.5	16,242	14.7	15,478	16.1	1,336	2.5
<b>Total</b>	<b>13,089</b>	<b>100.0</b>	<b>32,402</b>	<b>100.0</b>	<b>110,450</b>	<b>100.0</b>	<b>95,952</b>	<b>100.0</b>	<b>53,895</b>	<b>100.0</b>



We measure the marketing effects of different channels and relevant distributors of each channel based on the sales performance on a quarterly basis, and adjust the distribution channels accordingly. During the Track Record Period, we acquired an increasing amount of traffic through MCN channels, benefiting from the higher exposure brought by the social media platforms. According to Frost & Sullivan, it is an industry trend for enterprises to increasingly utilize MCN channels to publish content, acquire traffic and generate sales leads, leveraging their strong influencer network, sizeable audience base and professional account management capabilities. As of December 31, 2022, we had a total of 245 accounts operated by MCN on various Internet platforms with approximately 36.0 million followers. We mainly attract followers in the head social media platforms, including Douyin, Wechat, Kuaishou and Weibo, which are the major media platforms to acquire high quality online traffic in China. As of December 31, 2022, followers on these platforms together accounted for 96.3% of our total followers of MCN accounts. We do not rely on any specific platform or account to obtain traffic, attract customers or generate sales.

### **Traffic Matrix Operation**

We primarily operate our traffic matrix through a layering, identification and recommendation process.

#### ***Traffic Layering***

We conduct traffic profiling and layering upon multi-faceted data collected from our customers. Based on the behavioral data like click rates, lengths of stay, rates of “favorites” or “likes,” as well as the frequencies of the interactions of our audience with us, our AI algorithm and big data analytics generate user profiles with multivariate dimensions. See “– Sales and Marketing”.

#### ***Identification and Recommendation***

Our identification algorithm is able to further sift through those users with merely disjointed or random interests in our contents and pinpoint a pool of potential customers for further recommendations. Based on their user profiles, our precise-reach algorithm will then curate the content feeds that the audience receives from a comprehensive spectrum of subject matters.

#### ***Feedback Loop from Operation Stage to Establishment Stage***

The establishment and operation of our traffic matrix are not two isolated stages. User profiles obtained from the big-data analytic process in the operation stage also serves as valuable insights for our content distribution. Specifically, based on the full-cycle user data analysis we conduct in the operation stage pertaining to content preferences, behavioral features, monetization periods and average order value, we are able to channel these features back into our traffic matrix establishment stage to optimize the process of channel selection and audience targeting.

**Traffic Matrix Monetization**

Leveraging the data and traffic acquired in traffic matrix establishment and traffic matrix operation, we have developed efficient and effective models of monetization.

***Sales Conversion***

Our sales conversion process is primarily supported by two systems: a sales leads management system and an AI compliance system. Our sales leads management system “Finder” equips our sales and marketing staff with a full suite of tools all the way from sales leads distribution, community management, continuous customer reach, customer profile management to deal handling. Sales leads accumulated are automatically distributed to our sales staff through our sales leads management system, enabling our sales staff to reach out to potential customers that demonstrate adequate interest in our content distributed through the MCN channels, internet terminals and traditional media, and who are willing to subscribe to our offerings. For instance, we leave the contact number of our Enterprise WeChat account at the end credit of our TV series as well as in all videos posted by our KOLs on MCN channels so that interested audience are able to get in touch with our sales and marketing employees conveniently. Once our potential customers get into contact with our employees, through technical tools available on our official communication channels, our employees regularly distribute informative market updates and discuss investment knowledge with such potential customers, and answer inquiries raised by them. Overtime, through these day-to-day communications, potential customers who utilize and acknowledge the benefits of the investment knowledge, market analysis and toolkits gradually gravitate towards our paid contents which further encourages them to subscribe to our services. Meanwhile, our AI compliance system ensures the compliance of our sales process through a monitoring model. See “– Sales and Marketing”.

***Product Development***

Our cutting-edge technology and market knowledge enable us to offer innovative content services, compelling services and a superior user experience to our customers while advancing the service model of the industry. We have a dedicated product development team of experienced experts. They carry out in-depth analysis on equity capital markets investment topics covering from macroeconomics to specific industries, which enables us to continuously introduce insightful contents to our customers. See “– Product Development.”

***Customer Support***

We also place high emphasis on customer experience and satisfaction. Our customer support team provides real-time and 24/7 assistance to our customers. See “– Customer Support.”

**Industry and business model**

We compete in a highly competitive market featured with relatively high acquisition cost, low conversion rate and high refund rate, arising from the demand for effective methods to acquire users, the overall high traffic acquisition cost, and the susceptibility to the market volatilities.

***User acquisition***

According to Frost & Sullivan, online investment decision-making solution providers generally have high level of average paying user acquisition cost and low conversion rate in a similar manner, because (i) the comparable products and services offered in this market generally charge relatively high subscription prices, which would naturally filter out advertisement audiences who are hesitant to pay for online investment courses and financial information software services; and (ii) unlike general internet products or tools with the entire group of internet user as their potential customers, the professionalism of the products and services in this market tend to narrow the target customer group to those who are investors with demands for financial investment knowledge and technical tools.

We evaluate our marketing results and acquisition cost for new users by monitoring the average internet traffic procurement expenses per new paying user for a given year or period. Our average internet traffic procurement expenses per new paying user during the Track Record Period amounted to RMB5,219, RMB9,303, RMB6,091 and RMB14,003 in 2019, 2020, 2021 and the ten months ended October 31, 2022, respectively. The recent increase in such cost was mainly due to (i) the decrease in the number of paying users for online financial literacy education services and the standard version of financial information software services, and (ii) our strategic focus on customers with higher average spending, both of which have contributed to the increase in average internet traffic procurement expenses per new paying user. In particular, in 2022, we increased our investment in acquiring customers for premium and deluxe packages of our online high-end investor education services and financial information software services, in line with our business strategy. Our conversion rate from our sales leads defined as the number of new customers per year/period divided by the number of new sales leads during the same year/period was 1.0%, 0.4%, 0.9%, 0.9% and 0.7% in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022. According to Frost & Sullivan, our efficiency in user acquisition is generally in line with the industry average, as indicated by our sales and marketing expenses as well as the growth of gross billing during the Track Record Period.

We use a mix of traffic channels to improve our online exposure. During the Track Record Period, we acquired an increasing amount of traffic through MCN channels, benefiting from the higher exposure brought by the social media platforms. According to Frost & Sullivan, it is an industry trend for enterprises to increasingly utilize MCN channels to publish content, acquire traffic and generate sales leads, leveraging their strong influencer network, sizeable audience base and professional account management capabilities.

***Refund policy and refund rate***

The online investment decision-making solution industry has a generally high refund rate, and is susceptible to the market volatilities and investor sentiment. This is because individual investors usually aim to improve their investment results after using the solutions, in addition to acquiring financial knowledge. As a result, during market downturns and especially when they suffer losses, they tend to attribute their investment outcomes to the quality of the solutions, or naturally refrain from further investment or related activities (including using the solutions), which would result in an increase in the number of refund requests.

We have formulated our refund policies prioritizing our customer experience. Our customers are entitled to (i) a full refund without any reason within five working days of the purchase; (ii) the option to replace the package purchased with another one at the same level of price available in our offerings; and (iii) the refund of payments which are proportionate to services not yet rendered, upon reasonable request for other reasons, and as agreed between us. In the third case, we do not allow refunds for the portion of the service already provided during the Track Record Period. We review refund requests on a case-by-case basis and approve them as appropriate. According to Frost & Sullivan, our refund policy is generally comparable to major peers in the market.

The average refund rate by payment amounts of our online high-end investor education services was 12.9% from 2019 to 2021, within the industry typical average refund rate of online high-end investor education services in China, which ranged from 10% to 15% from 2019 to 2021, according to Frost & Sullivan. The average refund rate by payment amounts of our financial information software services was 15.8% in 2021, within the industry typical average refund rate of financial information software services in China, which ranged from 12% to 20% from 2019 to 2021, according to the same source. Our average refund rate by payment amount of the above two offerings was 21.7% and 23.3%, respectively, in the six months ended June 30, 2022, within the range of the industry typical average refund rate of each type of offering in China, which was from 15% to 25%, and from 15% to 25%, respectively, in the six months ended June 30, 2022. Our average refund rate by payment amount of the above two offerings was 24.4% and 26.3%, respectively, in the ten months ended October 31, 2022.

In line with the industry trend, we experienced an increase in the refund rate in 2022 for our products and offerings, mainly because the unsatisfying performance of the overall financial market under the general slowdown in economic conditions and the general negative impact of the COVID-19 pandemic has weakened the customers' confidence in the market in the short term and their demand in investment decision-making solutions, resulting in an increase in refunds under unconditional refund policy, unsatisfactory products/services or customers' personal reasons.

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As the financial market is expected to improve in the 2023 with the alleviation of COVID-19 restrictive measures, we have observed a decreasing trend in refund rate for our major product offerings since November 2022. For example, the refund ratio for the standard package and premium package of online high-end investor education services amounted to 19.6% and 8.1% in the two months ended December 31, 2022, respectively, while the refund ratio for the premium version and deluxe version of financial information software services amounted to 19.4% and 11.1% for the same period, respectively. We expect that our refund rate for major offerings will likely continue to decrease or maintain at a relatively low level in the foreseeable future.

The following table sets forth the number of refund requests by the settlement outcome for the periods indicated.

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Settled refund requests	1,707	61.9	5,849	72.2	19,623	66.5	15,328	67.8	20,221	70.6
Rejected/withdrawn refund requests after negotiation	1,052	38.1	2,247	27.8	9,903	33.5	7,265	32.2	8,416	29.4
<b>Total requests received</b>	<b>2,759</b>	<b>100.0</b>	<b>8,096</b>	<b>100.0</b>	<b>29,526</b>	<b>100.0</b>	<b>22,593</b>	<b>100.0</b>	<b>28,637</b>	<b>100.0</b>

See “– Customer Support – Customer refund” for details.

### OUR OFFERINGS

We provide comprehensive offerings to our customers, including online high-end investor education services, financial information software services, as well as online financial literacy education services.

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The following table sets out breakdown of our key operating metrics for the periods indicated:

	Year ended December 31,					Ten months ended October 31,													
	2019		2020			2021			2022										
	Number of paying users <sup>(1)</sup>	Gross billing (RMB in millions)	Average gross billing per paying user (RMB in thousands)	Number of paying users	Gross billing (RMB in millions)	Average gross billing per paying user <sup>(2)</sup> (RMB in thousands)	Revenue per paying user <sup>(6)</sup> (RMB in thousands)	Number of paying users	Revenue per paying user (RMB in thousands)	Gross billing (RMB in millions)	Average gross billing per paying user (RMB in thousands)	Number of paying users	Revenue per paying user (RMB in thousands)	Gross billing (RMB in millions)	Average gross billing per paying user (RMB in thousands)				
Online high-end investor education services <sup>(3)(7)</sup>	13,089	413.4	31.6	32,387	1,026.2	31.7	21.9	38,901	1,373.0	35.3	29.5	31,564	1,043.2	33.1	28.3	30,698	902.8	29.4	31.1
Financial information software services <sup>(4)</sup>	-	-	-	-	-	-	-	62,832	610.5	9.7	4.6	55,862	415.1	7.4	3.0	23,190	608.7	26.2	25.4
Online financial literacy education services <sup>(5)</sup>	-	-	-	15	0.05	3.6	3.4	8,717	17.7	2.0	1.7	8,526	17.1	2.0	1.3	7	0.008	1.1	NM
<b>Total</b>	<b>13,089</b>	<b>413.4</b>	<b>31.6</b>	<b>32,402</b>	<b>1,026.2</b>	<b>31.7</b>	<b>21.9</b>	<b>110,450</b>	<b>2,001.2</b>	<b>18.1</b>	<b>13.1</b>	<b>95,952</b>	<b>1,475.4</b>	<b>15.4</b>	<b>11.2</b>	<b>53,895</b>	<b>1,511.5</b>	<b>28.0</b>	<b>28.7</b>

Notes:

(1) During a particular period or year, for a paying user who subscribes to our services under one of our three offerings for at least once, we count it as one paying user under the relevant service.

- (2) For the year ended December 31, 2021, the average gross billing per paying user of online high-end investor education services was higher than that of each of financial information software services and online financial literacy education services, primarily because (i) our online high-end investor education services, targeting the mass affluent class, are priced much higher than the other two offerings, and (ii) given we started online financial literacy education services in December 2020 and financial information software services in January 2021, we offered more frequent promotion and discounts for such two offerings to attract new customers.
- (3) The fluctuations in our average gross billing per paying user of our online high-end investor education services were mainly due to the fact that the packages under our online high-end investor education services were provided at a diverse range of price points and that our paying users did not have preference over one particular package during the Track Record Period.
- (4) The increase in our average gross billing per paying user and the decrease in the number of paying users of our financial information software services from the ten months ended October 31, 2021 to the ten months ended October 31, 2022 were mainly because (i) we held many promotions and discount events to attract new customers to the standard version of financial information software services (which was at a relatively affordable price compared to the premium/deluxe version) in 2021, resulting in an increase in the number of users who purchased the standard version in the ten months ended October 31, 2021; and (ii) we strategically lowered our promotion efforts on the standard version and focused more on the premium/deluxe version since 2022, resulting in a decrease in the number of users who purchased the standard version (which was at a relatively affordable price) and an increase in the number of users who purchased the premium/deluxe version (which was at a relatively higher price) in the ten months ended October 31, 2022. The amount of discounts we offered is calculated as the difference between standard price and actual payment. We offered (a) discounts for online high-end investor education services, amounting to RMB44.8 million, RMB82.4 million, RMB136.0 million and RMB95.1 million in 2019, 2020, 2021 and the ten months ended October 31, 2022, respectively, representing 2.1%, 3.7%, 4.8% and 7.4% of the standard price, respectively, during the same periods; (b) discounts for online financial literacy education services amounting to RMB8.5 million and RMB8,000 in 2021 and the ten months ended October 31, 2022, respectively, representing 31.0% and 28.7% of the standard price, respectively, during the same periods; and (c) discounts for financial information software services amounting to RMB317.9 million and RMB75.8 million in 2021 and the ten months ended October 31, 2022, respectively, representing 30.5% and 8.4% of the standard price, respectively, during the same periods.
- (5) The significant decrease in the number of paying users of online financial literacy education services from the ten months ended October 31, 2021 to the ten months ended October 31, 2022 was mainly because we switched our focus to the other two offerings since 2022 as we believe the target customers of online financial literacy education services were more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, and the gross billing of online financial literacy education services contributed less than 0.1%, 0.9%, 1.2% and less than 0.1% of our total gross billing in 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. See “– Our Offerings – Online Financial Literacy Education Services”.
- (6) While our gross billing represents fees received from customers which are generally paid at the time of or in advance prior to the beginning of subscription period, under our revenue recognition policy, revenue is recognized during a subscription period on a straight-line and time-elapsed basis. As a result, the number of paying users during a period does not strictly correlate with the revenue recognized in such period, indicating that the average gross billing per user is more relevant in reflecting our business nature. Specifically, the revenue per paying user for online financial literacy education services for the ten months ended October 31, 2022 amounted to RMB313.2 thousand, which are particularly not comparable due to the above reason and are thus not meaningful.
- (7) The decrease in the number of paying users of our online high-end investor education services from 31,564 in the ten months ended October 31, 2021 to 30,698 in the ten months ended October 31, 2022 was mainly because of a decrease in new orders acquired between July 2022 to October 2022, resulting from the weak financial market performance as well as the COVID-19 pandemic and relevant restrictive measures weakening the customers’ confidence in the market in the short term and their demand in investment decision-making solutions.

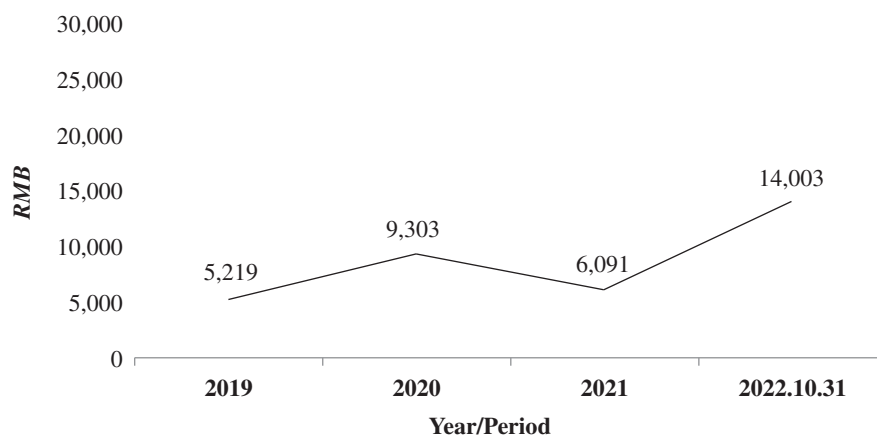
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The table below sets forth the breakdown of gross billing by active paying users and inactive paying users during the periods indicated.

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in millions, except for percentage)</i>										
<b>Gross billing</b>										
Active paying users	363.8	88.0	1,017.0	99.1	1,956.6	97.8	1,447.8	98.1	1,466.6	97.0
Inactive paying users	49.6	12.0	9.2	0.9	44.6	2.2	27.7	1.9	44.9	3.0
<b>Total</b>	<b>413.4</b>	<b>100.0</b>	<b>1,026.2</b>	<b>100.0</b>	<b>2,001.2</b>	<b>100.0</b>	<b>1,475.5</b>	<b>100.0</b>	<b>1,511.5</b>	<b>100.0</b>

Gross billing represents fees received from customers which are generally paid in advance at the time of or prior to the beginning of the subscription period, while revenue is net of tax and recognized during the subscription period on a straight-line and time-elapsed basis.

We evaluate our marketing results by monitoring the average internet traffic procurement expenses per new paying user for a given year or period. We deem that no internet traffic procurement expenses have been incurred for existing paying users. The chart below shows the trend of the average internet traffic procurement expenses per new paying user during the periods indicated.





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We experienced an increase in the average internet traffic procurement expenses per new paying user in 2020 as compared to that of 2019, primarily because we started to invest in our traffic matrix to increase our audience base. The increase in the ten months ended October 31, 2022 as compared to the same period of 2021 was mainly due to (i) the decrease in the number of paying users for online financial literacy education services and the standard version of financial information software services, and (ii) our strategic focus on customers with higher average spending, both of which have contributed to the increase in average internet traffic procurement expenses per new paying user. As a result of the increased user acquisition cost, we recorded increasing sales and marketing expenses during the Track Record Period, primarily representing the internet traffic procurement expenses, which amounted to RMB67.7 million, RMB271.6 million, RMB640.0 million, RMB534.0 million and RMB661.6 million in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. See “Risk Factors – Risks Relating to Our Business and Industry – If we are unable to conduct sales and marketing activities cost-effectively, our results of operations and financial condition may be materially and adversely affected.” Going forward, we expect to improve user acquisition efficiency mainly by further improving the quality of content published on MCN channels, which would attract a growing number of followers as potential customers. Specifically, we plan to apply the insights provided by our big data analytics capabilities to create content that appeals to a wider range of potential customers with diverse needs. With increasing leads generation, we expect to achieve economies of scale and acquire new paying users in a more efficient manner.

According to Frost & Sullivan, online investment decision-making solution providers generally have similar level of average paying user acquisition cost and conversion rate, because (i) the comparable products and services offered in this market generally charge relatively high subscription prices, which would naturally filter out advertisement audiences who are hesitant to pay for online investment courses and financial information software services; and (ii) unlike general internet products or tools with the entire group of internet user as their potential customers, the professionalism of the products and services in this market tend to narrow the target customer group to those who are investors with demands for financial investment knowledge and technical tools. We believe that we will continue to remain effective paying user acquisition and are able to further optimize our utilization of paying user acquisition costs because (i) our established brand awareness and comprehensive offerings after several years’ of efforts would help us attract new customers through word-of-mouth referrals; and (ii) the experience and expertise accumulated from our operation of traffic matrix allow us to more efficiently identify interested customers and improve conversion results.

During the Track Record Period, we did not pursue cross-selling of our different services and the number of paying user of our three offerings primarily from sales leads we had accumulated through our traffic matrix. The overlapping paying users for online high-end investor education services and financial information software services in 2021 and for the ten months ended October 31, 2022 amounted to 1,770 and 115, respectively, representing only 2.8% and 0.5% of the total number of paying users for financial information software services during the same period. In addition, we had no cross-selling or any overlapping paying users

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for online financial literacy education services with other offerings. The reason for such overlapping paying users is that paying users would choose more suitable products according to their varying demands over time.

The following table illustrates the expiry schedule of subscriptions as of December 31, 2022.

	<b>Online high-end investor education services<sup>(1)</sup></b>	<b>Financial information software services<sup>(3)</sup></b>	<b>Online financial literacy education services<sup>(2)</sup></b>	<b>Total</b>
Number of customers with active subscription expiring within 1 month	1,703	1,268	–	2,971
Number of customers with subscription expiring in 1 to 3 months	5,464	3,471	1	8,936
Number of customers with subscription expiring in 3 to 6 months	9,507	8,123	–	17,630
Number of customers with subscription expiring in more than 6 months	213	1,020	–	1,233
<b>Total number of customers with active subscription as of December 31, 2022</b>	<b>16,887</b>	<b>13,892</b>	<b>1</b>	<b>30,780</b>
Revenue to be recognized within 1 month ( <i>RMB in thousands</i> )	90,611.6	60,831.7	–	151,443.3
Revenue to be recognized in 1 to 3 months ( <i>RMB in thousands</i> )	123,254.8	93,595.5	1.3	216,851.6
Revenue to be recognized in 3 to 6 months ( <i>RMB in thousands</i> )	93,211.0	87,685.5	–	180,896.4
Revenue to be recognized in more than 6 months ( <i>RMB in thousands</i> )	1,680.6	26,280.1	–	27,960.7
<b>Total revenue to be recognized<sup>(4)</sup></b>	<b>309,758.0</b>	<b>268,392.8</b>	<b>1.3</b>	<b>577,152.0</b>

*Notes:*

- (1) The subscription periods of our online high-end investor education services are normally six months for the standard packages or three months for the premium package. For the customers who renew their subscription or subscribe to multiple packages, the subscriptions to additional packages only become active upon the expiry of their current active subscription, which may cause the expiry schedule of their additional subscriptions to be more than six months from the time they made the subscription.

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- (2) The subscription periods of our online financial literacy education services are normally three months. For the customers who renew their subscription before the expiry of their current active subscription, the new subscription only becomes active upon the expiry of their current active subscription, which may cause the expiry schedule of their additional subscription to be more than three months from the time they made the subscription.
- (3) The subscription periods of our financial information software services are normally one year for the standard version and six months for each of the premium version and the deluxe version. For the customers who renew their subscription or subscribe to multiple versions, the new subscription only becomes active upon the expiry of their current active subscription, which may cause the expiry schedule of their additional subscription to be more than one year from the time they made the subscription.
- (4) The amount of total revenue to be recognized is subject to the amount of potential refund in the future to our paying customers. See “Financial Information – Significant Accounting Policies and Estimates – Significant Accounting Policies – Contract liabilities.”

The following table sets forth the number of subscription for standard packages, premium packages and/or deluxe packages subscribed under each of our three offerings for the periods indicated.

	Year ended December 31			Ten months ended October 31	
	2019	2020	2021	2021	2022
<b>Online high-end investor</b>					
<b>education services</b>	<b>15,358</b>	<b>36,610</b>	<b>45,588</b>	<b>35,025</b>	<b>33,156</b>
Standard package	13,717	33,967	40,360	31,448	29,825
Premium Package (Super					
Investor)	770	1,729	4,846	3,274	3,096
Others	871	914	382	303	235
<b>Financial information software</b>					
<b>services</b>	–	–	<b>72,679</b>	<b>65,620</b>	<b>24,703</b>
Standard Version	–	–	50,870	50,900	11
Premium Version	–	–	20,936	14,335	23,431
Deluxe Version	–	–	873	385	1,261
<b>Online Financial Literacy</b>					
<b>Education Services</b>	–	<b>15</b>	<b>9,074</b>	<b>8,873</b>	<b>7</b>
<b>Total</b>	<b><u>15,358</u></b>	<b><u>36,625</u></b>	<b><u>127,341</u></b>	<b><u>109,518</u></b>	<b><u>57,866</u></b>

For the ten months ended October 31, 2022, the number of subscription for standard package, premium package and others of online high-end investor education services was 29,825, 3,096 and 235, respectively, and the number of subscription for online financial literacy education services and the standard version, premium version and deluxe version of financial information software services was seven, 11, 23,431 and 1,261, respectively, during the same period in 2022.

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The following table sets forth number of new and recurring customers of online high-end investor education services and a breakdown of our gross billing thereof, as well as the customer retention rate by gross billing, for the years/period indicated, respectively.

	Year ended December 31,			Ten months ended
	2019	2020	2021	October 31, 2022
<b>Gross billing</b>				
<i>(RMB in millions)</i>	413.4	1,026.2	1,373.0	902.8
<b>Gross billing from customers retained from the previous year<sup>(5)</sup></b> <i>(RMB in millions)</i>	6.8	120.8	239.6	104.1
<b>Gross billing from new customers in the current year/period</b>				
<i>(RMB in millions)</i>	406.6	905.4	1,133.4	798.6
– Gross billing from the first purchase of new customers <i>(RMB in millions)</i>	348.0	760.1	837.8	646.9
– Gross billing from the recurring purchases of new customers <i>(RMB in millions)<sup>(4)</sup></i>	58.6	145.3	295.7	151.7
<b>Number of paying users/customers</b>	<b>13,089</b>	<b>32,387</b>	<b>38,901</b>	<b>30,698</b>
<b>Number of customers retained from the previous year</b>	108	3,207	5,378	3,739
<b>Number of new customers in the current year/period</b>	12,981	29,180	33,523	26,959
– New customers who purchased once	11,083	26,072	28,706	24,834
– New customers who purchased more than once	1,898	3,108	4,817	2,125
<b>Customer retention rates by gross billing<sup>(1)</sup></b>	15.8% <sup>(2)</sup>	25.9%	39.0%	N/A <sup>(3)</sup>

Notes:

- (1) 
$$\text{Customer retention rate for the year} = \frac{\text{gross billing from customers retained from the previous year} + \text{gross billing from recurring purchases by new customers in the year}}{\text{total gross billing in the year}}$$
- (2) The relatively low customer retention rates by gross billing in 2019 as compared to the industry average was mainly due to the short operating history of our online high-end investor education services launched in 2018.
- (3) The industry average customer retention rate is calculated on an annual basis, and therefore our average customer retention rate calculated on a ten-month basis is not directly comparable with the same calculated on an annual basis from industry perspective.
- (4) Recurring purchases of new customers represent the second and subsequent (if any) purchase by a new customer in the year.
- (5) Gross billing from customers retained from the previous year represents gross billing from existing customers.

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The following table sets forth the number of new and recurring customers of financial information software services and a breakdown of the gross billing thereof, for the year ended December 31, 2021, and the ten months ended October 31, 2022, respectively.

	<b>Year ended December 31, 2021</b>	<b>Ten months ended October 31, 2022</b>
<b>Gross billing</b>		
<i>(RMB in millions)</i>	610.5	608.7
<b>Gross billing from customers retained from the previous year<sup>(1)</sup></b>		
<i>(RMB in millions)</i>	–	49.8
<b>Gross billing from new customers in the current year/period</b>		
<i>(RMB in millions)</i>	610.5	558.9
– Gross billing from the first purchase of new customers		
<i>(RMB in millions)</i>	275.2	480.5
– Gross billing from the recurring purchases of new customers		
<i>(RMB in millions)</i>	335.3	78.5
<b>Number of paying users/customers</b>	62,382	23,190
Number of customers retained from the previous year	N/A	2,907
Number of new customers in the current year/period	62,382	20,283
– New customers who purchased once	53,343	18,919
– New customers who purchased more than once	9,489	1,364
<b>Customer retention rates by gross billing<sup>(2)</sup></b>	54.9%	N/A <sup>(3)</sup>

*Notes:*

(1) We started to provide financial information software services in 2021. Gross billing from customers retained from the previous year represents gross billing from existing customers.

(2)

$$\text{Customer retention rate for the year} = \frac{\text{gross billing from customers retained from the previous year} + \text{gross billing from recurring purchases by new customers in the year}}{\text{total gross billing in the year}}$$

(3) The industry average customer retention rate is calculated on an annual basis, and therefore our average customer retention rate calculated on a ten-month basis is not directly comparable with the same calculated on an annual basis from industry perspective.

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The following table sets forth the number of new and recurring customers of online financial literacy education services and a breakdown of the gross billing thereof, for the year ended December 31, 2021, respectively.

	Year ended December 31, 2021				
	Gross billing from the first purchase	Gross billing from recurring purchase	Number of paying users	Number of paying users who make purchase once	Number of paying users who make purchase more than once
				Gross billing	Gross billing
	<i>(RMB in millions)</i>				
<b>Online financial literacy education services</b>	17.7	16.7	1.0	8,717	8,071
				646	

*Notes:*

- (1) We started to provide online financial literacy education services in December 2020. There were no recurring purchases for online financial literacy education services in December 2020. There were no purchases in 2021 made by customers retained from December 2020.
- (2) There were no recurring purchases for online financial literacy education services in the ten months ended October 31, 2022. There were no purchases in the ten months ended October 31, 2022 made by customers retained from 2021.

The following table sets forth the breakdown of gross billing by existing customers and new customers for the periods indicated.

	Year ended December 31			Ten months ended	
	2019	2020	2021	October 31 2021	October 31 2022
	<i>(RMB in millions)</i>				
Gross billing from existing customers	6.8	120.8	239.6	131.5	153.9
Gross billing from new customers	406.6	905.5	1,761.6	1,343.9	1,357.6

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In 2019, 2020 and 2021, the retention rate of our online high-end investor education services was 15.8%, 25.9% and 39.0% respectively, and the retention rate of our financial information software services was 54.9% in 2021. According to Frost & Sullivan, the industry average customer retention rates of online high-end investor education services, financial information software services, and online financial literacy education services are approximately 25% to 30%, 40% to 50%, and 5% to 10%, respectively, from 2019 to 2021. Thus, the retention rates of our online high-end investor education services and financial information software services were in line with or even higher than the industry level, except for the retention rate of online high-end investor education services in 2019.

The growth of online investor content service market and financial information software service markets in China in the long-term are mainly driven by the increasing demand from new customers, resulted from the overall development of China's financial markets, the growing number of individual investors and their investable assets, as well as the rising awareness of wealth management among Chinese people. Driven by the rapid economic growth in China, number of individual investors in China is expected to increase from 196.9 million in 2021 to 280.0 million by 2026 at a CAGR of 7.6% and the size of individual investible financial asset is expected to increase from RMB196.2 trillion in 2021 to RMB266.8 trillion in 2026 at a CAGR of 6.3%, which represent sustainable demands on online investment decision-making solution service and financial information software service in the future.

The growth of demand for online high-end investor education service, financial information software service, and online financial literacy education service are also partially attributable to the needs by a portion of existing customers for re-subscriptions because: (i) the financial market in China fluctuates from time to time, and customers have continuous needs to interact with professionals with knowledge, experiences and expertise to understand the latest market trends, and service providers can timely update of the contents and services of offerings to address such needs; (ii) investors have continuous demands on financial information software service which offers a variety of professional tools and indicators, such as KDJ and moving average convergence divergence (“MACD”) to support their analysis and investment decisions; and (iii) some customers may not be able to fully understand and acquire the skills and knowledge during the subscription cycle, which may result into re-subscription of service for better understandings of knowledge.

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We have formulated growth strategies based on the characteristics of each of its three services. Specifically,

- **Online high-end investor education service.** We plan to strengthen our leadership position in online high-end investor education service through acquiring new users and encouraging existing users to renew or upgrade their subscriptions with us. To achieve those goals, we intend to (i) continue to focus on producing and upgrading quality contents and services based on latest development of us, and develop packages with different prices and content to meet potential needs of customers; (ii) enhance use experience by improving applications we used to deliver courses; (iii) use traffic matrix to increase the exposure of our online high-end investor education services; (iv) offer additional discounts to existing customers for their re-subscription; and (v) establish strategic cooperation with financial institutions and other channels to access customer resources.
- **Financial information software service.** Our primarily goal for this service is to expand its market share by acquiring new customers. We intend to do the followings: (i) continue to invest in R&D activities to enhance the effectiveness of its financial information software products; (ii) continue to leverage our strength in using our traffic matrix to increase the brand awareness of our financial information software services among potential customers; (iii) offer additional discounts to existing customers for their re-subscription; and (iv) continue to enhance the value-added contents or services exclusively offered under our upgraded versions of financial information software services, to meet more personalized and sophisticated demands of investors with higher average gross billing contribution.
- **Online financial literacy education services.** As the potential customers of this service are mostly vulnerable to the volatilities of the macro-economic environment and our online financial literacy education services contributed relatively minimal to our total gross billing, we will continue to focus on the other two offerings in the short term.

### **Our Online High-end Investor Education Services**

We started investment decision-making solution service business in 2018 by offering online high-end investor education services. We are one of the first companies who obtained the Securities Investment Advisory License issued by the CSRC.



Our online high-end investor education services provide comprehensive education curricula and internet-based professional investment decision-making solution services with a focus on A-share stock related topics for the mass affluent class. Our online high-end investor education services primarily include pre-recorded online courses, livestreaming broadcasts, express market reviews, as well as various premium services such as one-on-one advisory services, forming an investor education model that we believe can address the fundamental needs of individual investors in their day-to-day investment activities.

We mainly provide our online high-end investor education services through our proprietary App SmartInvest Pro, available in mobile and PC versions, tailored to the different preferences of our customers. The following screenshot illustrates the user interface of SmartInvest Pro and the corresponding functions:



User Interface

The number of paying users of our online high-end investor education services increased from 13,089 for the year ended December 31, 2019 to 32,387 for the year ended December 31, 2020, and further to 38,901 for the year ended December 31, 2021, representing a CAGR of 72.4% from 2019 to 2021. The gross billing from paying users of our online high-end investor education services was RMB413.4 million, RMB1,026.2 million, RMB1,373.0 million in 2019, 2020 and 2021, representing a CAGR of 82.2% from 2019 to 2021, while the size of China's online high-end investor education service market increased from RMB2.7 billion in 2019 to RMB4.3 billion in 2021, representing a CAGR of 26.2%, according to Frost & Sullivan. Unlike paying users, free registered users of our SmartInvest Pro only have limited access to this App and can only browse through free contents. As of December 31, 2019, 2020, 2021 and October 31, 2022, the number of cumulative registered users of our SmartInvest Pro was approximately 34,000, approximately 163,000, approximately 297,000 and approximately 428,000, respectively. For the years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022, the average MAU of our SmartInvest Pro was approximately 14,000, approximately 85,000, approximately 138,000 and approximately 145,000, respectively.

We provide our online high-end investor education services through three major series of standard packages with different investment needs. Customers of each series have access to a different combination of our pre-recorded courses, livestreaming broadcasts and express market reviews. For customers who have already subscribed to our standard packages, we also offer them options to further subscribe to our premium services, such as one-on-one advisory services and investment strategy services.

The table below sets for the basic information of the three major series of standard packages and the one premium package:

*Three major series of our standard packages:*

The standard price for each of these three major series is RMB29,800 per six months. During a subscription cycle, a customer can have unlimited access to the contents provided within the specific series they subscribed to.

- ***E-Investment Bible***  
(e投經操盤): focuses on the technical analysis of stock market.

**E-Investment Bible**



- ***Jingwei perspective***  
(經偉操盤): focuses on the analysis of the value of specific stocks and fundamental information of target companies.

**Jingwei perspective**



- ***Falcon Hunting (獵鷹操盤)***: focuses on trading tactics in market fluctuations and hot topics in the market.

**Falcon Hunting**



*Series of our premium package on top of the standard package:*

The standard price for the premium package is RMB69,800 per three months, or RMB139,600 per six months. During a subscription cycle, a customer can have unlimited access to the contents provided within the series of the premium package, as well as the contents provided in our standard packages.

- **Super Investor (超級投資家):** provided to customers who have already subscribed to our standard package with advanced and tailor-made contents to address their personalized demands.

**Super Investor**



According to Frost & Sullivan, the price for each three major series of standard packages of our online high-end investor education services is comparable to those of our peers with similar features and contents and the price for the premium package of our online high-end investor education is higher than industry average. In addition to all content and features from the standard package of our online high-end investor education services, the premium package offers one-on-one advisory services, investment strategy services and access to more than 200 exclusive pre-recorded online courses. According to Frost & Sullivan, the premium package of our online high-end investor education services provides more content and diversified services than offerings of our peers, addressing the needs of investors in a better way. Furthermore, despite the abundant free content on the internet, investors with a certain amount of investable assets generally are willing to pay for content with better quality out of professionalism and efficiency. Therefore, we believe the higher price of the premium package is acceptable to the target customers and we have obtained rapid growth in the gross billings from the premium package. From 2019 to 2021, the gross billings from the premium package of online high-end investor education services increased from RMB50.7 million to RMB396.8 million, representing a CAGR of 179.8%.

***Our standard package***

A standard package of our online high-end investor education services primarily include pre-recorded online courses, livestreaming broadcasts and express market reviews.

- **Pre-recorded online courses.** Our pre-recorded online courses are generally rendered through videos by our full-time certified lecturers, all of whom are employees with the securities investment advisor qualification. In general, we provide our customers with basic modules of fundamental and technical analysis, market insights, and capital market introduction. We dedicate ourselves to satisfying

user demand for fundamental and technical analysis of various indexes, such as candlestick chart and moving average convergence divergence (“MACD”). In addition, we also provide market insights on bull and bear markets, as well as policy interpretation. Furthermore, we offer in-depth courses focusing on analysis of financial statements and key ratios. In general, in a customer’s six-month subscription cycle, we offer 200 to 300 pre-recorded online courses in total. The duration of these courses, depending on different topics, ranges from 10 to 30 minutes.

- ***Livestreaming broadcasts.*** We provide real-time market information analysis sessions through online livestreaming broadcasts hosted by our certified lecturers. We also provide case study sessions and market analysis sessions on a periodic basis in order to enrich our customers’ investment experiences and help them identify typical market risks and opportunities. Customers can also interact with our certified lecturers by making enquiries in the livestream chatroom. Our certified lecturers closely follow market trends and provide analysis accordingly on a real-time basis. We offer seven livestreaming columns to a customer in a subscription cycle. Generally, we provide several regular livestreaming broadcast sessions on every trading day and additional special sessions once or twice a week. Typically, each session ranges from 30 minutes to two hours.
- ***Express market reviews.*** We provide reviews of the market, compiled by the researchers and summarized with their special market insights. Each market review is specially tailored to adapt to customers’ investment habits in order to provide them with a comprehensive analysis of hotspots in different stock market sectors, alert them to new potential investment opportunities and draw attention to the risks. Investors can gain an all-rounded perspective with the support of our reviews and plan their trading for the following trading days in a better way. In general, during a subscription cycle, a customer has access to 14 express market review columns, with contents posted on each trading day or on a weekly basis.

### ***Our premium package***

Customers of the Super Investor series, our premium series, can enjoy our premium services in addition to all the contents and features of the standard packages, including one-on-one advisory services, investment strategy services and access to more than 200 exclusive pre-recorded online courses, each with a duration of approximately 15 to 60 minutes, five exclusive livestreaming broadcast columns and five exclusive market review columns.

Our one-on-one advisory services are provided by our one-on-one consultants, who provide online professional advisory services for individual investors on a daily basis, with real-time responses to their enquiries. Our one-on-one consultants also provide daily market analysis and after-market summaries through online broadcasting and interaction. Our investment strategy services provides strategic advice on investment timing judgment and selection of investment portfolios with prudent backup analysis.

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Our premium package is designed to address customers' needs to interact with professionals with knowledge, experiences and expertise. We lay great emphasis on the importance of customer satisfaction provided through one-on-one advisory services as we believe real-time advisory services and companions are essential in empowering our customers in the process of making investment decisions. These social interactions improve their sense of belongings and can ease their anxiety and thus enables us to further enhance our customers' loyalty and stickiness.

As of October 31, 2022, we had offered over 2,230 recorded video lessons, with the total duration surpassing 55,820 minutes, under our standard and premium packages. As of October 31, 2022, an average of 23 pre-recorded courses had been taken per customer during their respective subscription period. As of October 31, 2022, we had offered over 3,890 live broadcasting video lessons, totaling over 109,670 minutes in duration, under our standard and premium packages. As of October 31, 2022, one customer had attended our live broadcasting video lessons for 815 times on average, accumulating over 6,420 minutes.

The following table sets forth a further breakdown of gross billings from online high-end investor education services for the periods indicated.

	Year ended December 31,			Ten months ended	
	2019	2020	2021	October 31, 2021	2022
	<i>(RMB in million)</i>				
<b>Standard Package</b>	355.2	875.3	972.8	761.2	662.8
<b>Premium Package</b>					
<b>(Super Investor)</b>	50.7	142.2	396.8	279.3	237.2
<b>Others<sup>(1)</sup></b>	7.5	8.7	3.4	2.7	2.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b><u>413.4</u></b>	<b><u>1,026.2</u></b>	<b><u>1,373.0</u></b>	<b><u>1,043.2</u></b>	<b><u>902.8</u></b>

*Note:*

(1) Others are mainly pilot or tryout packages we launched from time to time during the Track Record Period.

### Financial Information Software Services

In 2021, we have developed and launched our proprietary SmartInvest Info mobile App and PC App to provide professional, timely and broad financial market-related information, data analysis, and investment decision-making support to our customers with greater investment experience and more complex needs, with a focus on A-share stock related topics.

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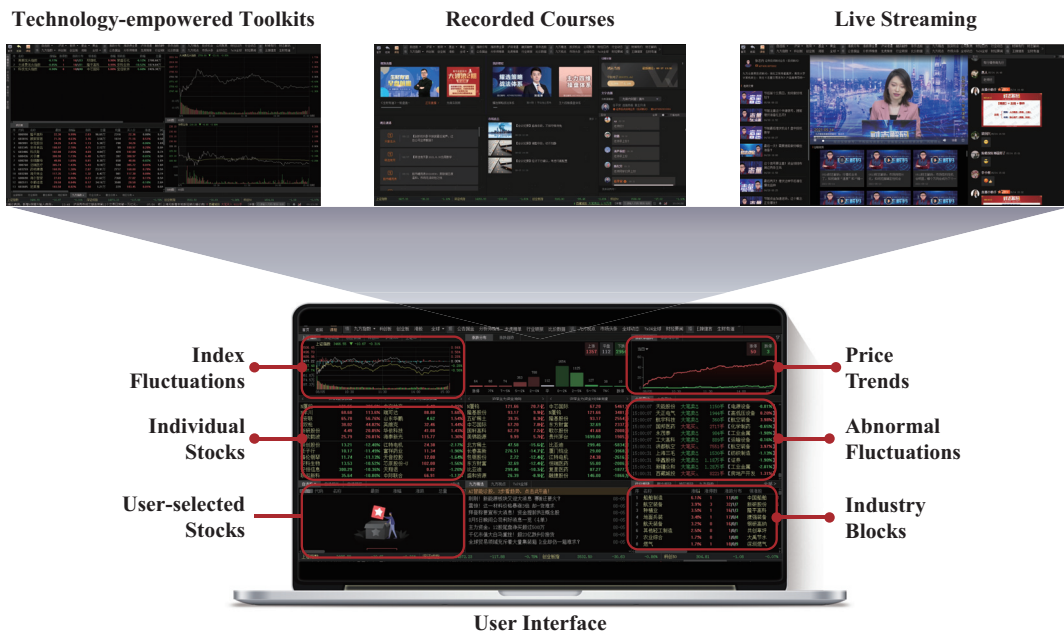
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We leverage our technology capabilities to develop intelligent functions such as market analysis and market indicator measurements, and provide practical toolkits that conduct in-depth analysis of the market in general as well as individual stocks. We have built a quantitative model of technology-empowered toolkits to provide our customers with investment decision-making services. Our product development team has developed a unique set of featured indicators and other technology-empowered toolkits to help our customers identify market trends and discover investment opportunities. For example, one of our standard toolkits, AI Stock Diagnosis (AI診股), operates by assigning a specific score to each individual stock based on five selective perspectives: (i) trading windows, (ii) technical indicators, (iii) fund flows, (iv) media coverage, and (v) valuation. By incorporating primary factors like bull or bear status, recent capital flows, news coverage and other performance statistics, this toolkit serves the purpose of streamlining the decision-making process for our customers.

The package of our financial information software services also contains tailored pre-recorded online courses, livestreaming broadcasts and express market reviews.

We mainly provide our financial information software services through SmartInvest Info. The following screenshot illustrates the user interface of SmartInvest Info and the corresponding functions:



For the year ended December 31, 2021, and the ten months ended October 31, 2021 and 2022, we had 62,832, 55,862 and 23,190 paying users of our financial information software services. The decrease in the number of paying users of our financial information software services in the ten months ended October 31, 2022 compared to the same period in 2021 was because (i) we held many promotions and discount events to attract new customers to the standard version of financial information software services (which is at a relatively affordable price compared to the premium/deluxe version) in 2021, resulting in an increase in the number

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of users who purchased the standard version in the ten months ended October 31, 2021; and (ii) we strategically lowered our promotion efforts on the standard version and focused more on the premium/deluxe version since 2022 considering that price sensitive customers may be more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, resulting in a decrease in the number of users who purchased the standard version in the ten months ended October 31, 2022. Although we started to provide our financial information software services through SmartInvest Info in 2021, SmartInvest Info has been open for registration since 2020 with contents provided free of charge, as we initially designed SmartInvest Info for the purpose of traffic acquisition and customer acquisition. We later changed such positioning of it by adding our financial information software services as paid contents on SmartInvest Info to target users who are willing to pay for relevant investment decision-making solution and services. As of December 31, 2020, 2021 and October 31, 2022, the number of cumulative registered users of our SmartInvest Info was approximately 275,000, approximately 435,000 and approximately 590,000, respectively. For the years ended December 31, 2020, 2021, and the ten months ended October 31, 2022, our SmartInvest Info had approximately 211,000, approximately 119,000 and approximately 147,200 average MAU, respectively.

We offer three versions of SmartInvest Info, namely the standard version, premium version and deluxe version. Customers must first subscribe to the standard version and can then choose to upgrade to the premium version. Customers of premium version may further subscribe the deluxe version which, in addition to the contents provided under the premium version, provides additional services such as investment strategy services and one-on-one advisory services. The following table sets forth key features offered by each version of SmartInvest Info:

<i>Standard Version</i> (RMB5,800 per year)	<ul style="list-style-type: none"><li>• seven technology-empowered toolkits</li><li>• 30 pre-recorded online courses, one livestreaming broadcast columns and two express market review columns</li></ul>
<i>Premium Version</i> (RMB28,800 per six months)	<ul style="list-style-type: none"><li>• all features provided in the standard version</li><li>• additional seven toolkits, 100 pre-recorded online courses, six livestreaming broadcast columns and eight express market review columns</li></ul>
<i>Deluxe Version</i> (RMB68,800 per six months)	<ul style="list-style-type: none"><li>• all features provided in premium version</li><li>• additional four toolkits, 70 pre-recorded online courses, three livestreaming broadcast columns and three express market review columns</li></ul>

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- investment strategy services
  - dynamic tracking of the fund flows of the major market players; and
  - leveraging the unique industrial chains platform developed by our product development team to dig out the hotspot industry.
- one-on-one advisory services
  - one-on-one consultants will be assigned to customers and provide investment advisory services.

According to Frost & Sullivan, the price for standard version and premium versions of our financial information software services are comparable to that of the similar products of our peers. Compared to similar financial information software service of our peers which mainly provide multiple technology-empowered toolkits, our deluxe version provides additional value-added services including one-on-one advisory services and investment strategy services. Therefore, we charge a higher product fee for our deluxe version at RMB68,800 per six months. During a subscription cycle, a customer subscribing to the standard version can have unlimited access to the contents provided within the standard version, while a customer subscribing to the premium version can have unlimited access to the contents provided within the standard version and the premium version, and a customer subscribing to the deluxe version can have unlimited access to the contents provided within the standard version, premium version and deluxe version. In general, each pre-recorded online course lasts approximately 10 to 30 minutes. We generally provide several regular livestreaming broadcast sessions on every trading day and additional special sessions once or twice a week. Typically, each session ranges from 30 minutes to two hours.

The following table sets forth a further breakdown of gross billings from financial information software services by version for the periods indicated.

	<b>Year ended</b>	<b>Ten months ended</b>	
	<b>December 31,</b>	<b>October 31,</b>	
	<b>2021</b>	<b>2021</b>	<b>2022</b>
	<i>(RMB in millions)</i>		
Standard version	34.1	34.2	less than 0.1 <sup>(1)</sup>
Premium version	507.4	351.8	518.6
Deluxe version	69.0	29.1	90.1
<b>Total</b>	610.5	415.1	608.7



- (1) The decrease of gross billings from the standard version in the ten months ended October 31, 2022 was mainly because (i) we held many promotions and discount events to attract new customers to the standard version of financial information software services (which is at a relatively affordable price compared to the premium/deluxe version) in 2021, resulting in an increase in number of users who purchased the standard version in the ten months ended October 31, 2021; and (ii) we strategically lowered our promotion efforts on the standard version since 2022 considering that price sensitive customers may be more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, resulting in a decrease in the number of users who purchased the standard version in the ten months ended October 31, 2022.

### Online Financial Literacy Education Services

Our online financial literacy education services focus on providing financial knowledge and asset management skills for novice investors. During a subscription cycle, a customer can have unlimited access to the contents provided hereunder. The following screenshot illustrates the user interface of SmartInvest Intro and the corresponding functions:



- Online mini lecture module: 140 mini online video lectures which are pre-recorded and generally between 10 to 20 minutes
- Livestreaming module: 20 live-streaming sessions which are generally around one hour
- Currently we only offer one version, priced at RMB6,980 per three months

According to Frost & Sullivan, the price of our online financial literacy education services is comparable to that of our peers with similar features and contents. The number of paying users of our online financial literacy education services increased from 15 in December 2020 to 8,717 in 2021, and decreased from 8,526 in the ten months ended October 31, 2021 to seven in the ten months ended October 31, 2022, mainly because we switched our focus to the other two offerings since 2022 as we believe the target customers of online financial literacy education services were more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, and the gross billing of online financial literacy education services contributed less than 0.1%, 0.9%, 1.2% and less than 0.1% of our total gross billing in 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. Unlike paying users, free registered users of our SmartInvest Intro only have limited access to this App and can only

browse through free contents. As of October 31, 2022, our SmartInvest Intro had approximately 582,000 cumulative registered users. For the year ended December 31, 2021 and the ten months ended October 31, 2022, it had an average MAU of approximately 2,400 and approximately 1,000.

### Service Subscription Agreement

We enter into service subscription agreements with our paying users. Key terms in these agreements include:

- **Duration.** The terms of the subscription contracts vary by different subscription packages.
- **Payment.** Customers are required to prepay the service fee in full when they electronically sign the contract and click on the payment button.
- **Non-guarantee on investment profit.** We do not represent to the users that they will receive any income from our investment analysis and do not share the return or loss on our investment analysis. We do not directly or indirectly invest by managing our users' assets or asset accounts.
- **Information safety.** We collect personal information from our users upon their consent and authorization according to the relevant laws and regulations.
- **Refund policy.** Customers are entitled to a full refund without any reason within five working days of the purchase as well as the option to replace the package purchased with another one at the same level of price available in our offerings. Customers are also entitled to the refund of payments which are proportionate to services not yet rendered, upon reasonable request with good reasons and subject to our consent.
- **Illustration.** We shall illustrate the functions of our software to our users, including the method of using toolkits, attending livestreaming broadcasts and taking pre-recorded courses. The illustration shall not include any false, fraudulent or misleading information.
- **Restriction on Assignment.** Users are not permitted to assign the rights or obligations under the agreements to a third party without our consent.
- **Subscription Fee.** Users shall prepay relevant fees before using exclusive functions under their subscription packages. We will not provide the relevant service if users refuse to pay.

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- **Termination.** We may unilaterally terminate the agreement in the following circumstances: if the user fails to pay us the full subscription fee and the full license fee as agreed in the license agreement, if we refund fees to the user; if the subscription period expires and the user fails to renew the subscription and pay the full subscription fee on time; failure to comply with the terms of the agreement.

### Pricing Policy and Revenue Model

We apply reasonable and market-competitive prices with consistent and high-quality products.

- *Online high-end investor education services.* When pricing for our online high-end investor education services, we mainly consider the affordability of the target customer group and the “ladder pricing” strategy for different packages. The target customers of our online high-end investor education services are the mass affluent class and we believe our current price is affordable to them.
- *Financial information software services.* For our financial information software services, we mainly consider the pricing of similar products in the market.
- *Online financial literacy education services.* For the pricing of our online financial literacy education services, we mainly consider the demand of the target customers and the pricing of similar products in the market.

For each of our online high-end investor education services, financial information software services and online financial literacy education services, our revenue is recognized during the subscription period on a straight-line and time-elapsed basis. For example, when a customer makes a six-month subscription and pays at the time of or prior to the beginning of the subscription period, relevant revenue is recognized over the six-month period.

### PRODUCT DEVELOPMENT

We are widely recognized for our high-quality content. We believe our product development capabilities are critical to the development of our offerings and business. We have built a professional and specialized product development team, Jiufang Research Institute, within our content development and production team to carry out in-depth analysis on investment topics ranging from macroeconomics to specific industries, which continuously provide valuable contents to our customers. Specifically, 115 experienced researchers out of our 366 content development and production staff were responsible for the development of the contents of our offerings as of October 31, 2022.

Our Jiufang Research Institute professionals have various experience in research, investment and other financial fields. Most of them have working experience in major securities companies, insurance companies and universities. Their research results are important basis for our analysis. Our product development team co-operates seamlessly with

other content development and production members under a mature course design and output workflow to ensure that the courses are constantly updated and adapted to market changes. We also have long-term relationships with external research institutions in order to enhance our research capabilities. We have created standardized operating procedures for course modules, design and certified lecturers' management, which further improves customer experiences.

The team has crafted a systematic course development mechanism to ensure that the course contents are incrementally approachable and digestible wherever our customers are positioned in their investment journey. Generally, a group of certified lecturers takes charge of the drafting of the course materials, after which a review team will revise and refine the contents into a finalized scripts.

### **CUSTOMER SUPPORT**

We are dedicated to improving the customer experience by providing high quality and personalized customer support. Before customers order and purchase our services, we provide detailed instructions for our customers to complete mandatory regulatory risk assessment, and to enable them to read through all the service agreements which set out our refund policies.

#### **Customer Complaint**

We maintain a customer complaint interface in our Apps to ensure a timely response to any complaints from customers within 24 hours, helping us maintain high quality control standards for our customer services. In order to comply with relevant laws and regulations as well as our internal policies, we retain records of the feedbacks and complaints from our customers, the response chains between our staff and customers and the final results of any resolution measures.

We have formulated a set of comprehensive complaint policies. We define complaints as actions by our customers to report certain issues about the service experience during the delivery of our offerings. Our complaint rate is the number of users who have placed orders for our services for at least one time and make at least one complaint directly to external channels such as regulatory authorities, customer associations and media channels during a period as a percentage of the aggregate number of users who have placed orders for our services for at least one time during the same period. According to Frost & Sullivan, the calculation method of our complaint rate is in line with the industry practice. During the Track Record Period, the total number of users under our online high-end investor education services who made complaints to external channels was 288, which was primarily in relation to customers' dissatisfaction about our services, customer support or personal reasons. During the Track Record Period, we had a low average complaint rate of approximately 0.3% for our online high-end investor education services, which, according to Frost & Sullivan, was lower than the typical average complaint rate of approximately 0.5% from 2019 to 2021 and approximately 1.0% in the first half of 2022 among online high-end investor education service providers.

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In addition to the complaints filed through external channels, we also monitor and manage complaints filed through our customer complaint interface. Considering the number of complaints from both internal and external channels, the average complaint rate for our online high-end investor education services was approximately 0.6% during the Track Record Period.

We implement a comprehensive complaint handling procedure for all complaints filed through internal and external channels, which includes general procedures, investigation guidelines, communication guidance and complaint record management rules, to ensure that all complaints are handled in a standard manner and recorded properly. Our complaint handling procedures primarily include the following steps:

- ***Interview with complainant:*** Our customer support department proactively reaches out and interviews the complainant on refund requests and underlying reasons, and shares the information with the compliance department for further investigation;
- ***Internal investigation:*** Our compliance department verifies the complaint with the relevant personnel, and issues a compliance report;
- ***Solution offering:*** Our customer support department offers solutions to the complainant, usually including extending the subscription period, adjusting the subscription package, or refunding a prorated amount for services not yet delivered. In addition, we also inform the complainant of any internal disciplinary action we have taken against the relevant personnel, where violations of internal rules are discovered;
- ***Mediation:*** In cases that the complainant rejects our proposed solutions, we will seek mediation from a third party upon mutual agreement; and
- ***Responses with regulatory authorities:*** For external complaints, our customer support department will respond to the relevant regulatory agencies that received the complaint within a specified period from the date of receipt of the complaint.

During the Track Record Period and up to the Latest Practicable Date, we handled all complaints we received in accordance with our internal policies, and we did not receive any external complaints through the 12315 complaint platform and did not experience any threatened or pending disputes, litigation, or legal proceedings in relation to the complaints with our customers which would have a material adverse effect on our business.

### **Customer Refund**

Our refund policies are explicitly stated in the service subscription agreements between us and our customers. Our customers are requested to choose reason(s) from the list we provide before submitting the refund request. Our customers are entitled to (i) a full refund without any reason within five working days of the purchase; (ii) the option to replace the package purchased with another one at the same level of price available in our offerings; and (iii) the

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refund of payments which are proportionate to services not yet rendered, upon reasonable request for other reasons, and as agreed between us. In the third case, we do not allow refunds for the portion of the service already provided during the Track Record Period. We have in place the following refund request review and approval procedure: (i) our staff from the service and operation department initiates conversations with customers to retain their subscriptions with us by improving products and services; (ii) if the customer insists on the refund after step (i), our customer service department communicates with the relevant customer by phone to understand the reasons underlying the refund request; (iii) after the preliminary discussion, if the customer wants to proceed with the refund request, the customer service department will verify the reasons and discuss possible solutions with the staff from the operation and sales departments, the head of each department needs to review and approve the relevant request; (iv) if there were disputes arising from the process of handling refund requests, the customer refund requests together with all materials collected in steps (i), (ii) and (iii) above need to be submitted to our compliance department for investigation, which will issue a compliance opinion and advise if such refund request should be approved or not; and (v) lastly, our finance department needs to review the purchase record of such customer and handle the relevant request properly considering our latest financial conditions. Generally, a refund request will be assigned to a customer service department staff member, who is in charge of verifying with the customers on the authenticity and rationality of the request in accordance with the above-mentioned steps (ii) and (iii) which is typically completed within 16 working hours from his/her receipt of the initial request. We review refund requests on a case-by-case basis and approve them as appropriate, except for unconditional refund requests made within five working days. We consider a range of factors when granting these refunds, including, but not limited to: (i) the authenticity and reasonableness of the underlying reasons presented by our customers based on interviews and verifications with internal personnel; (ii) the amount of the refund requested and proportion of services rendered; (iii) the possibility of cultivating long-term, amicable customer relationships, for example, whether we can retain the high-value customers in the long run, and invite future purchases under improved financial market conditions. We reject unreasonable or unfounded claims, such as relevant customers requesting an amount exceeding the proportion of services that have not been provided, or unreasonably demanding additional compensation. We do not set a threshold for the maximum amount of refund. According to Frost & Sullivan, our refund policy is generally comparable to major peers in the market. We conduct customer satisfaction evaluations on a regular basis. As of October 31, 2022, we had a satisfaction rate of above 99%.

With a significant increase in the number of our customers and the orders we received during the Track Record Period, we received and handled 1,707, 5,849, 19,623, 15,328 and 20,221 refund requests in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. The total refund amount of our all three offerings was RMB45.0 million, RMB146.1 million, RMB383.3 million, RMB283.7 million and RMB508.5 million, respectively, with a refund rate of 9.8%, 12.5%, 16.1%, 16.1% and 25.2%, respectively, in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively.

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The table below sets forth the breakdown of refund rate by subscription packages of each of the three offerings for the periods indicated.

Refund Rate (%)	Year ended December 31,			Ten months ended	
	2019	2020	2021	October 31, 2021	October 31, 2022
<b>Online high-end investor</b>					
<b>education services</b>	<b>9.8</b>	<b>12.5</b>	<b>16.3</b>	<b>16.7</b>	<b>24.4</b>
Standard package	9.9	13.7	19.6	19.7	27.3
Premium Package (Super Investor)	10.5	4.6	7.1	7.4	15.2
Others	0.5	5.4	13.9	13.8	8.6
<b>Financial information Software</b>					
<b>services</b>	<b>–</b>	<b>–</b>	<b>15.8</b>	<b>15.1</b>	<b>26.3</b>
Standard Version	–	–	7.9	7.7	94.6 <sup>(1)</sup>
Premium Version	–	–	17.1	16.2	26.9
Deluxe Version	–	–	8.6	8.6	22.8
<b>Online financial literacy</b>					
<b>education services</b>	<b>–</b>	<b>–</b>	<b>6.2</b>	<b>6.0</b>	<b>60.4<sup>(1)</sup></b>
<b>Total</b>	<b>9.8</b>	<b>12.5</b>	<b>16.1</b>	<b>16.1</b>	<b>25.2</b>

*Notes:*

- (1) The refund rates for the standard version of financial information software services and online financial literacy education services for the ten months ended October 31, 2022, being higher than 50%, were mainly due to the lower gross billing base for the same period. (We recorded gross billing of approximately RMB60,000 for our standard version of financial information software services and approximately RMB8,000 for online financial literacy education services in the ten months ended October 31, 2022.) All refunds for the two packages/offerings in 2022 were for purchases that occurred in 2021; moreover, in 2022, we strategically shifted focus from these two offerings to others as the relevant customers were more affected by the economic downturns.

The target customers of online financial literacy education services and standard version of financial information software services were more hesitant to make purchase, and also more likely to initiate refund requests, due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic. However, customers who mainly subscribe to premium or deluxe packages of our offerings, are generally more financially capable of resisting the negative impacts brought by market downturns, and most of them tend to remain willing to make investments, purchase and continue to stand with, related products or services, such as our products, during the economic downturns.

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The table below sets forth the breakdown of refund amount by active paying users and inactive paying users during the periods indicated.

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in millions, except for percentage)</i>									
Active paying users	18.3	40.7	143.7	98.4	371.0	96.8	276.6	97.5	491.4	96.6
Inactive paying users	26.7	59.3	2.4	1.6	12.3	3.2	7.1	2.5	17.1	3.4
<b>Total</b>	<b>45.0</b>	<b>100.0</b>	<b>146.1</b>	<b>100.0</b>	<b>383.3</b>	<b>100.0</b>	<b>283.7</b>	<b>100.0</b>	<b>508.5</b>	<b>100.0</b>

The average refund rate by payment amounts of our online high-end investor education services was 12.9% from 2019 to 2021, within the industry typical average refund rate of online high-end investor education services in China, which ranged from 10% to 15% from 2019 to 2021, according to Frost & Sullivan. The average refund rate by payment amounts of our financial information software services was 15.8% in 2021, within the industry typical average refund rate of financial information software services in China, which ranged from 12% to 20% from 2019 to 2021, according to the same source. Our average refund rate by payment amount of the above two offerings was 21.7% and 23.3%, respectively, in the six months ended June 30, 2022, within the range of the industry typical average refund rate of each type of offering in China, which was from 15% to 25%, and from 15% to 25%, respectively, in the six months ended June 30, 2022. Our average refund rate by payment amount of the above two offerings was 24.4% and 26.3%, respectively, in the ten months ended October 31, 2022.

Under the background of multiple rounds of raise in the interest rate by the Federal Reserve and the relatively unsatisfying performance of overall financial markets including A-share market during the periods from July 2022 to October 2022, the customers' confidence in the overall financial market was further weakened. Therefore, the average refund rate by payment amounts of our financial information software services in the ten months ended October 31, 2022 was higher than the industry typical average refund rate in the six months ended June 30, 2022. The increase in the refund rate for the above two offerings of ours and the peers in the six months ended June 30, 2022 compared to the average refund rate from 2019 to 2021 were primarily because the unsatisfying performance of the overall financial market under the general slowdown in economic conditions and the general negative impact of the COVID-19 pandemic has weakened the customers' confidence in the market in the short term and their demand in investment decision-making solutions, resulting in an increase in refunds under unconditional refund policy, unsatisfactory products/services or customers' personal reasons. In addition to acquiring financial knowledge, individual investors usually aim to improve their investment results after using our products. As a result, during market downturns



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and especially when they suffer losses, they tend to attribute their investment outcomes to the quality of our products, or naturally refrain from further investment or related activities (including using our products), which would result in an increase in the number of refund requests made by our customers.

The increase in the refund rate during the period from 2019 to 2021 was primarily because while we strive to formulate and update the contents of our products based on latest market development, such contents may not bring our customers their expected returns, especially when A-share stock market experiences significant volatilities. As a result, customers may not be satisfied with our services and request for refund. Particularly, in 2019, 2020 and 2021, the amount of refunds arising from “unsatisfactory products/services” was RMB23.2 million, RMB75.0 million and RMB183.8 million, respectively, representing 51.6%, 51.3% and 48.0% of the total amount of refunds during the same periods, respectively.

We have implemented a series of procedures to assess the investor risk and suitability for each customer. We have continuously strengthened our investor suitability management mechanism in accordance with the CSRC’s evolving requirements to review and evaluate customers’ suitability on an ongoing basis, in line with our goal of helping individual investors improve their investment decisions and encouraging customers to perceive the value of our investment decision-making solution services from long-term insights.

We offer our products only to suitable investors, and help them select the appropriate product offering that suits their financial position, risk appetite and actual needs. In compliance with the Measures for the Suitability Management of Securities and Futures Investors (《證券期貨投資者適當性管理辦法》), our compliance department designs an investor suitability questionnaire based on the template provided by the legal authorities. We require every customer to fill out the questionnaire prior to their purchases.

We primarily evaluate the investor risk based on the following information:

- Customer’s past experience and knowledge in investment;
- Investment objectives, such as investment period, variety, and expected return;
- Risk appetite and acceptable loss;
- Credit history;
- The actual beneficiary of the customer’s investments; and
- Other relevant information stipulated in laws, regulations and internal rules.

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Meanwhile, our compliance department, research department, and general manager's office together delineate the risk level of products and services based on a range of factors including investment product structure, liquidity, and principal security introduced in the course. After the customer completes the questionnaire, our system automatically matches the test result with the product risk level, and will terminate the order when the test result is lower than the product risk.

In addition to the initial risk assessment, we implement internal compliance procedures and conduct customer follow-up visits to gather information, assess and update specific customer-related investor risks from time to time. Our sales and customer service staff are in constant communication with customers to identify material changes in their financial situation and risk tolerance, which need to be reported to our compliance department if they believe that the customer is no longer a suitable investor. Typical red flags include: (i) the customer has serious mental or physical health problems, or no longer has legal capacity or limited legal capacity for investment activities; (ii) the customer's financial situation has seriously deteriorated; (iii) use of large amounts of funds in an improper or risky manner; (iv) the customer was not the initial person making the purchase order; and (v) other inappropriate situations stipulated by laws, regulations and our internal policies. Our compliance department then reviews the relevant client's record and past risk profile and is responsible for assessing a particular client's investor suitability and determining whether our ongoing offering of products or services presents the client with undue risk. Our service team will then communicate our findings to the customer and advise them of a refund.

As a result of the above risk control measures, in 2020, 2021 and 2022, we had rejected purchases from, or proactively reached out and advised to not re-purchase or request refund, 474, 838 and 1,386 customers who were found not suitable for the course offerings, respectively, representing 1.46%, 0.82% and 2.03% of the paying customers for the same periods.

By carrying out the above policies, we aim to ensure that we engage the targeted customer and do not provide product offering that exceeds the relevant customer's investment capability and risk tolerance. As a result, we believe that we provide products to customers who have genuine needs for our offerings and are suitable for investment.

Further to the above policies, we insist on product-driven, values the customer experience, and believe that an open and transparent refund channel is an important channel for handling customer complaints. We understand that a more stringent refund policy may bring higher gross billing and better financial performance in the short term. However, we value our relationship with customers and aim to cultivate long-term, amicable customer relationships. During the Track Record Period, we had achieved a rapid growth in our revenue, maintaining our industry position while building a positive brand in the customer group. According to the customer satisfaction evaluation, as of October 31, 2022, we had a satisfaction rate of above 99%. In addition, we had a customer complaint rate of approximately 0.3% during the Track Record Period, which was lower than the typical average complaint rate of approximately 0.5%

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from 2019 to 2021 and approximately 1.0% in the first half of 2022 among online high-end investor education services providers, according to Frost & Sullivan. We believe that our customer relationship strategy has proved effective and will facilitate our future growth.

Our courses usually last 6 months. Therefore, our customers tend to purchase courses and make investments when they have a stable and comfortable living and working environment. However, since March 2022, the lockdown measures imposed in some major cities in response to the COVID-19 pandemic had had a large impact on people's work and life, and had adversely affected the physical and mental health of our customers. We fully understand the customers' refund requests due to poor learning experience, which was caused by the external environment and the concurrent setback in the capital markets. At the same time, we believe that there will be fewer refund requests due to factors related to COVID-19, and will focus on our own products and services when reviewing requests.

In 2022, we have strategically focused on acquiring new customers who mainly subscribe to premium or deluxe packages of our offerings. Those customers are generally more financially capable of resisting the negative impacts brought by market downturns, and most of them tend to remain willing to make investments, purchase and continue to stand with, related products or services, such as our products, during the economic downturns. We believe the foregoing factors would not affect our business development and results of operations in the long term, which are expected to grow with the development of China's financial market and increasingly broader investor base in China. All of the refund requests from 2019 to 2021 were settled. As of the Latest Practicable Date, 44 refund requests remained outstanding, with a potential total amount of RMB0.3 million.

As the financial market is expected to improve in the 2023 with the alleviation of COVID-19 restrictive measures, we have observed a decreasing trend in refund rate for our major product offerings since November 2022. For example, the refund ratio for the standard package and premium package of online high-end investor education services amounted to 19.6% and 8.1% in the two months ended December 31, 2022, respectively, while the refund ratio for the premium version and deluxe version of financial information software services amounted to 19.4% and 11.1% for the same period, respectively. We expect that our refund rate for major offerings will likely continue to decrease or maintain at a relatively low level in the foreseeable future.

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The following table sets forth the number and amount of refunds by nature of requests during the indicated period:

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	Number of refund requests received and settled	Amount of refunds (RMB in millions)	Number of refund requests received and settled	Amount of refunds (RMB in millions)	Number of refund requests received and settled	Amount of refunds (RMB in millions)	Number of refund requests received and settled	Amount of refunds (RMB in millions)	Number of refund requests received and settled	Amount of refunds (RMB in millions)
Five-working-day unconditional refund policy	199	5.6	263	7.4	4,247	61.9	3,435	40.5	2,852	80.5
Unsatisfactory products/services <sup>(1)</sup>	905	23.2	3,135	75.0	8,487	183.8	6,577	139.8	9,106	222.8
Unsatisfactory customer support	11	0.3	475	12.5	445	10.1	145	2.6	761	19.2
Customers' personal reasons <sup>(2)</sup>	471	12.4	1,371	35.5	4,623	99.8	1,559	22.8	5,841	145.6
Others	121	3.5	605	15.7	1,821	27.7	3,593	78.0	1,661	40.4
<b>Total</b>	<b>1,707</b>	<b>45.0</b>	<b>5,849</b>	<b>146.1</b>	<b>19,623</b>	<b>383.3</b>	<b>15,328</b>	<b>283.7</b>	<b>20,221</b>	<b>508.5</b>

*Notes:*

- (1) The circumstances leading to the users' refunds due to "unsatisfactory products/services" mainly include (i) attribute failure to achieve their specific investment objectives to our products/services; for example, where the customer mainly invests in a different class of investment products, or where our products/services do not fully meet the customer's needs in terms of time horizon, liquidity needs or other unique objectives of theirs; (ii) the content and format of products/services do not match customers' preferences; such as when the customer prefers a more interactive course format other than our video lectures; and (iii) customers are unsatisfied with the service staff's attitude.
- (2) The circumstances leading to the users' refunds due to "customers' personal reasons" mainly include (i) lack of time to spend on products/services or the customer's personal schedule not matching our live classes; and (ii) other general personal reasons.

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We have adopted a series of strategies and measures to improve customer satisfaction, increase user stickiness, and reduce refund amount and refund rate. For example, we plan to help new users quickly familiarize themselves with various courses, services and APP functions by providing guided function modules and setting incentive task systems in the APP. As part of our continuous efforts to improve our service quality and strengthen our risk control system, we are constantly reviewing the sample stocks and case studies mentioned in our courses, and will adjust the content from time to time to accurately reflect the most up-to-date stock information. In addition, we plan to strengthen user information protection measures and take legal measures if necessary to minimize potential reputational risks.

### SALES AND MARKETING

As of October 31, 2022, our sales and marketing department consisted of 811 members.

We have built a strong brand and expand our customer base primarily through leveraging our traffic matrix with full coverage across multiple platforms. We have adapted ourselves to the increasingly engaging and personalized online investment decision-making solutions market highlighted by the increasing number of interactions between service providers and individual investors. We have established a comprehensive traffic matrix of convergent media, from traditional media such as TV and radio, to internet terminals such as Smart Selection (會選股) App, our official website and our embedded features built in Baidu and 360 search engines, as well as MCN channels, represented by financial self-media IPs operating on various social media platforms. Marketing activities are carried out throughout the entire process of traffic matrix establishment and operation, attracting new users as well as strengthening brand equity. See “– Our Business Model – Traffic Matrix Establishment” and “– Our Business Model – Traffic Matrix Operation.” As of October 31, 2022, 265 staff within our sales and marketing department were responsible for the marketing activities through our traffic matrix establishment and traffic matrix operation processes.

We cooperate with traditional media, such as Tianjin Satellite TV and Hubei Satellite TV to produce tailor-made professional finance TV programs. We are closely involved with the program production teams of such traditional media, successfully co-producing multiple ace programs, including “Night View of Finance” (“夜觀財經”) on Hubei Satellite TV and “Financial Vision” (“財經視界”) on Tianjin Satellite TV. We also have branding and advertisement cooperation with CBN in Shanghai in programs regarding “Today’s Stock Market” (“今日股市”), “Talking about Stocks” (“談股論金”) and “Companies and Industries” (“公司與行業”) on CBN; “Wealthy Mindset” (“天生我財”) on Hubei Satellite TV. Our collaborated investor content services related TV series program, “Wealthy Mindset” (“天生我財”), on Hubei Satellite TV had an AvRch of 1.5 million in 2021. According to Frost & Sullivan, this TV series program was the most watched investor content services related TV program among province-level TV channels of China in 2021. We have also maintained stable collaboration with mainstream radio broadcasting media including CNR Business Radio and CBN Radio. In 2021, the average daily listenership of our collaborated radio broadcasting media was 1.4 million.

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We also entered into advertising agreements with traditional media to expand our brand awareness. Key terms in advertising agreements usually include:

- **Duration.** An initial term of one year subject to renewal upon the consent of both parties in advance.
- **Pricing and payment method.** We generally settle payments with the media channels on a monthly basis.
- **Confidentiality.** Except as otherwise provided by laws and regulations, neither party shall disclose any terms of the relevant agreement and each party should maintain the confidentiality of information obtained during the course of performance of the relevant agreement.
- **Restrictions on Content.** Each party is entitled to conduct a qualification review on the other party. The media platforms are entitled to conduct review of the content and form of our advertising. We are responsible to ensure that the content to be placed on the media platforms is not false, illegal or misleading and does not involve any puffery. Otherwise, the media platforms are entitled to reject the broadcast of the content.
- **Termination.** Neither party shall amend or terminate the agreement without the consent of the other party, except that the media platforms is entitled to unilaterally terminate the agreement if we delay payments for 20 consecutive days or transfer the rights or obligations under the relevant agreement to any third party.

We directly reach our potential customers through our internet terminals which are tailored for various investor choices. Our Smart Selection (會選股) App is one of the major Apps that we use to distribute informative contents to attract potential customers. As of December 31, 2019, 2020, 2021 and as of October 31, 2022, the number of cumulative registered users of our Smart Selection was approximately 1.1 million, approximately 3.1 million, approximately 4.0 million, and approximately 4.0 million, respectively. For the years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022, the average MAU of our Smart Selection was approximately 0.2 million, approximately 0.8 million, approximately 0.7 million and approximately 0.1 million, respectively, the decrease in the ten months ended October 31, 2022 was because we strategically lowered the selling and marketing expenses with respect to our Smart Selection APP in the ten months ended October 31, 2022, compared to that in the ten months ended October 31, 2021, and focused more on the operation and investment of our MCN channels to enhance user stickiness and attract new customers, in light of the development of MCN channels, the emergence of KOLs in various fields and the changes in technology, the online investor content service market and the habits of mobile Internet users in China. During the Track Record Period, the conversion rate for our paying users from Smart Selection Apps in terms of realizing sales of our three offerings, defined as the proportion of the accumulated registered users as of the end of each year/period by the number of new paying users from Smart Selection Apps for the period, was 0.2%, 0.3%,

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0.7% and 1.1%, respectively. According to Frost & Sullivan, with an average MAU of 0.7 million, our Smart Selection (會選股) mobile App ranked ninth in 2021 among online financial investment services mobile Apps that are operated by parties independent from securities institutions in China. With the average MAU growing at a CAGR of 152.6% from 2018 to 2021, our Smart Selection (會選股) mobile App also ranked as the fastest growing mobile App among the online financial investment services mobile Apps that are operated by parties independent from securities institutions in China. As of October 31, 2022, we recorded more than 3.5 million average monthly page views of our embedded features built in Baidu and 360 search engines for the previous 12 months.

We enter into traffic acquisition agreement with traffic agencies for our exposure on internet terminals. The key terms of such agreements generally include:

- ***Duration.*** An initial term generally of one year.
- ***Services.*** The traffic agencies will be responsible to promote our advertisements on our designated websites, webpages, App stores or other platforms, and acquire traffic for such advertisements.
- ***Payment method and settlement.*** We settle payments with the agencies by month based on comprehensive pricing models, including cost per time (CPT), cost per click (CPC), cost per mille (CPM), cost per action (CPA) and cost per download (CPD).
- ***Confidentiality.*** Each party shall maintain the confidentiality of information obtained in the performance of the relevant agreement and its contractual terms during the agreement term and thereafter.
- ***Restrictions and liabilities.*** We are responsible to ensure that the marketing content is not false or illegal, does not violate any applicable laws, regulations or code of public morality. The agencies are entitled to terminate the agreement and require compensation for their losses if we fail to comply with the requirements.

In terms of MCN channels, we increase our brand coverage and exposure through high-quality contents published on emerging user traffic portals and the establishment of our own high-quality financial MCN channels. We deliver professional investment and wealth management related contents through videos, live broadcasting and online radios. We convert difficult and obscure financial and wealth management knowledge into engaging video and audio lessons to increase users' learning interests. We have also been focusing on cultivating high-quality KOLs and star tutors to deepen user experience and help convert followers to customers. Our critically-acclaimed KOL "Don't you worry about A Shares!" ("A股你莫愁") has won multiple awards granted by various platforms, including the "Best Finance Short Video Creator of 2020" by Xigua Video, and the "Pioneering Finance Content Creator of 2020" by Kuaishou, "Top Ten Financial Video Live-broadcasting Channels" by Sina Finance in 2019, and the "Most Influential Finance Content of 2018" award by Toutiao.com.

We enter into service agreements with online media platforms to open our self-operated MCN channels.

Key terms in our service agreements with online media platforms generally include:

- **Qualifications.** The media platforms have the exclusive rights to decide whether we can enter into the platforms, enjoy the service, and maintain the rights to review and fact-check the information, qualification certificates, and other materials that we submit or update.
- **Service scope.** The media platforms will provide us with relevant supports including exclusive expert resource support, institutional development support, and monetization guidance support.
- **Information safety.** The media platforms have the obligation to take necessary protective measures for the relevant information, and shall not disclose any information that involves our trade secret.
- **Intellectual property.** The media platforms possess the intellectual property rights of the contents they provide during the service, while the intellectual property rights of the contents generated during our use of the service belong to us or other relevant right holders including but not limited to, web-pages, texts, images, audios, videos and logos.
- **Violations.** If the media platforms notice or receive complaints about our violation of any laws, regulations, internal policies of the platforms, rules about original protections, or the relevant agreements, the service providers are entitled to delete the relevant contents and take measures such as warning and restricting or canceling the accounts, depending on the seriousness of the behaviors.



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We open and operate MCN channels on the online media platforms and enter into agreements with marketing service providers to increase the exposure of our such MCN channels. Key terms in the marketing service agreements generally include:

- ***Duration.*** After an initial term of five months, the parties shall decide whether to continue cooperation through good faith negotiation before the expiration of the agreement.
- ***Payment and annual marketing framework task.*** We set forth an annual marketing framework with the marketing service providers and promise to order a minimum amount of marketing activities and traffic support for our MCN channels on the online media platforms.
- ***Incentive and rebate policy.*** We are entitled to a rebate as a percentage of the value of orders if we complete the annual framework task. We generally pay a deposit equivalent to 1% of the annual framework task within 15 days after signing the agreement.
- ***Confidentiality and intellectual property.*** Each party shall maintain the confidentiality of information obtained in the performance of the relevant agreement and its contractual terms during the agreement term and thereafter. The service providers owned the intellectual property rights of the contents they develop and provide during the service.
- ***Restrictions.*** We are responsible to ensure that the marketing content is not false or illegal, does not violate any applicable laws, regulations or code of public morality, and does not involve any pornography, violence, gambling, fraud, reactionary and other illegal or improper content, does not contain any viruses, malicious code and programs, defect rights, and does not infringe the legitimate rights and interests of any third parties. The service providers are entitled to delete or disconnect the relevant content, and require us to compensate for their losses if we fail to comply with the requirements.
- ***Termination.*** Both parties are entitled to unilaterally terminate the agreements at times of breach, including, but not limited to, failure to comply with the terms of confidentiality and intellectual property protection provisions, a material breach that renders the continuing performance impractical, or payment of deposit overdue for a certain amount of time.

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Accredited to our following technologies, our contents are precisely distributed to potential customers. We gather a large amount of valuable data in our traffic matrix that are accumulated through various media platforms, primarily including audience's behavioral data such as click rates, lengths of stay, rates of "favorites" or "likes," as well as their interaction frequencies with us. Our AI algorithm and big data analytics then generate user profiles with multivariate dimensions such as preferences of contents and risk tolerance level. For example, based on the types of the contents and frequencies that our audience choose to engage themselves in, our AI algorithm and big data analytics will analyze whether a user prefers entry-level investment knowledge or is seeking more sophisticated knowledge from our contents. Our AI algorithm and big data analytics can then precisely label such user as, for example, a high-end investor or a novice investor. Our AI algorithm also labels our contents with different subject matters and thus will be able to identify contents that better fit the user's appetite and push to such user. In addition, with the analytic performance results based on the behavioral data, our sales team can allocate more resources to media platforms with better performance feedbacks or choose to focus on the production of certain topics of contents with more positive feedbacks, or swiftly terminate the production of certain contents that tend to be less attractive telling from users' behavioral data. Further, the more extended an audience makes contact with our contents, there are more data available to analyze such audience's background and preference, which could in turn refine the precision rate of our recommendation algorithm, ultimately optimizing the efficacy of our monetization models and accelerates sales conversion. See "– Our Business Model – Traffic Matrix Monetization – Sales Conversion." As of October 31, 2022, 546 staff within our sales and marketing department were responsible for our sales conversion process.

Our sales conversion process is supported by a sales leads management system and an AI compliance system. Our conversion rate from our sales leads defined as the number of new customers per year/period divided by the number of new sales leads during the same year/period was 1.0%, 0.4%, 0.9%, 0.9% and 0.7% in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022. Our sales leads management system "Finder" equips our sales and marketing staff with a full suite of tools all the way from sales leads distribution, community management, continuous customer reach, customer profile management to deal handling. Meanwhile, with our proprietary AI compliance system, we are able to achieve link-wide business process monitoring, full-chain traceability and real-time alerting, ensuring compliance in all lines of our customer services.

## PRIVACY

We have implemented data security policies designed to protect user privacy, promote a safe environment and ensure the security of user data. We have developed our internal policies and procedures with the goal of meeting industry standards and good practice.

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Our personal privacy protection guidelines describe how we use data and how privacy works when using our services. We collect personal information and data from users only with their prior consent, and we provide users with adequate notice as to the data to be collected, undertake to manage and use the data collected in accordance with applicable laws and make reasonable efforts to prevent unauthorized use, loss or leak of user data. For example, a user will need to provide the username or phone number when registering an account on our Apps and website. When a user registers an account, downloads and opens Apps for the first time, or any modification is made to our personal privacy protection guidelines, a notice will pop-up on this user's device requiring the user to read and consent to our personal privacy protection guidelines. We use a variety of technologies to protect the data with which we are entrusted and have a team of privacy professionals dedicated to the ongoing review and monitoring of data security practices. For example, we store all user data in encrypted format and strictly limit the number of personnel who can access those servers that store user data.

We collect user data from our traffic matrix and during the process of providing services under our offerings. Such data include (i) user log-in information such as cell number or WeChat account number, which are required for the server to verify the user's log-in credentials, (ii) user interaction information such as information posted by users, search records on our Apps and conversation records on the official communication channels with our sales staff for the purpose of compliance monitoring, service improvement and future analysis on behavioral data, and (iii) profile information in accordance with investor suitability evaluation as required by relevant PRC rules and regulations. Such information we collect is not accessible by external parties such as our business partners.

We store user data within the territory of PRC in accordance with relevant PRC rules and regulations. We usually back up such data in our storage server to minimize the risk of data leakage or loss. In particular, The Measures for the Administration of the Suitability of Securities and Futures Investors (《證券期貨投資者適當性管理辦法》) require that all user information related to investor suitability must be preserved for at least 20 years. This type of information may include a user's full name, national identity number, profession, education or address. Once this information is stored in our server in accordance with PRC laws and regulations, we do not have access to it during daily operation except for the customers' names.

Although the Personal Information Protection Law stipulates that the time period for personal data retention should be as short as necessarily required for business purpose or as otherwise required by law and there is such requirement for a minimum amount of time for investor suitability purpose, there is not a clear requirement on maximum time limitations. We store the information on our server in China for at least 20 years as required by law and as necessary for the purpose of our services. After such time frame, we will anonymize or delete our stored data, or will delete upon customers' requests. During the Track Record Period and up to the Latest Practicable Date, there were no administrative orders or sanctions issued against us for non-compliance with data privacy and security laws and regulations. We consider that sufficient maintenance, storage and protection of data and other related information is critical to our business.

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We have also established firewalls to protect against potential attacks or unauthorized access. We have an information security team which works closely with our legal department to jointly establish and enforce procedures regarding the management of data security. We provide routine training to ensure that our employees are well aware of the measures we adopt for data security and the significance of them.

### **OUR TECHNOLOGIES**

We have been continuously investing heavily in the field of investment related technologies, including AI technology, MCN operation system, big data analysis and cloud technology, and blockchain technology, to increase our competitive advantages in the market.

#### **AI Technology**

We use AI technologies such as NLP, machine vision, and recommended system to improve the efficiency of business development and business operations. We have built a proprietary NLP algorithm to enable our machines to understand and analyze the contextual meaning in human languages, which can then be used in analysis of authorized chatting records, AI selling and marketing, users' intention prediction, and compliance supervision. Furthermore, we can also use machine vision technology to analyze valuable data in advertisements and pictures in order to identify potential risks. We design an all-in-one intelligent investment robot "AI Fortune" (AI旺財) that brings together functions like search engine, encyclopedia, stock diagnosis and stock selection, all powered by deep-learning, speech recognition, NLP and other technologies. With the technological support, we are able to provide our customers with in-depth customization and content recommendation based on big-data analytics through our Apps and website.

#### **MCN operation system**

As a first-mover in the industry to acquire customers through a traffic matrix using various media platforms, we have incubated over 200 accounts in various internet platforms. Our MCN operation system is designed to equip our MCN operation staff with tools to conduct hotspot capturing, materials collecting, and content visualization, through which we are able to assist our MCN channels in transforming complex, abstract information into approachable and eye-catching content.

#### **Cloud and Big Data Technologies**

Cloud technologies serve as the foundation of our technology infrastructure, which helps accelerate the operation stream of our applications, improves manageability, trims unnecessary maintenance expenses, and most importantly, secures a safe information system for our proprietary data. With more than 300 cloud servers deployed, our R&D staff is able to more swiftly allocate resources to fulfill fluctuating demands of our big-data analysis.

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We use big data analysis technology in gathering, storing, calculating, processing, and mixing information by connecting users' ID across different Apps and assigning them a data label. We have established different functions of big data in order to promote our user experience, including (i) a large customer database storing customers' general information, investing behaviors and preference towards different industries; (ii) customized content generation, education courses tailoring, which greatly enhances marketing efficiency; and (iii) unifying different user accounts and information in our revenue-generating Apps and our Smart Selection (會選股) mobile App, in order to advance the veracity of our user information analysis and provide more targeted recommendations for our customers.

Furthermore, we have developed a series of big data applications to enrich our services, including: (i) a data analysis system to monitor our operating statistics, where our AI supervisor may alarm automatically when noticing misconducts of our employees from their sales and marketing activities, in order to keep our business running smoothly; (ii) a series of sales and marketing toolkits, including an advertising recommendation system, resource monitoring, and a user query tool in order to advance the efficiency of our sales and marketing activities; and (iii) a comprehensive management and decision-making system including, among others, an order analysis system, a resource management system, employee management system and AI monitoring system.

### **Blockchain Technology**

We use blockchain technology to store our user's information and other important data on the Ethereum public chain for permanent record-keeping in a manner that does not violate applicable PRC laws and regulations and to ensure the security and transparency of specific information. We upload data of existing contracts, bills and payment as modules to our proprietary chain which, we believe, provides a traceable and efficient way to record transactions and peripheral expenses. Also, we utilize cryptography to make sure no user trace data is accidentally revealed and collision resistance of hash functions to prevent unauthorized modification of data. See “– Privacy.”

### **RESEARCH AND DEVELOPMENT**

As of October 31, 2022, our R&D department had 480 experienced staff with expertise in information technology, big data computing technology and AI technology. Our R&D team comprises a group of experienced technical experts and is separated into several research teams, primarily including (i) a product and user experience design team with over 100 staff; (ii) a development team with more than 200 engineers in charge for the development and maintenance of our front-end and back-end Apps and systems, and (iii) an information security experts team. In 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, our R&D expenses were RMB144.1 million, RMB200.3 million, RMB194.2 million, RMB128.7 million and RMB191.5 million, respectively.

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The following table sets forth a breakdown of our research and development expenses by category of project for the Track Record Period, respectively:

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
SmartInvest Pro <sup>(1)</sup>	133,156	92.4	132,882	66.3	28,653	14.8	15,587	12.1	10,466	5.5
SmartInvest Info	223	0.2	30,753	15.4	33,222	17.1	25,331	19.7	14,856	7.8
SmartInvest Intro	–	–	–	–	7,715	4.0	7,443	5.8	–	–
Smart Selection	353	0.2	–	–	8,241	4.2	4,902	3.8	5,059	2.6
Operation management system <sup>(2)</sup>	–	–	26,315	13.1	80,740	41.6	55,286	43.0	69,187	36.1
Middle- and back-end management systems <sup>(3)</sup>	6,500	4.5	2,985	1.5	28,374	14.6	15,142	11.8	82,791	43.2
Others	3,850	2.7	7,329	3.7	7,211	3.7	4,963	3.9	9,173	4.8
<b>Total</b>	<b>144,082</b>	<b>100.0</b>	<b>200,265</b>	<b>100.0</b>	<b>194,157</b>	<b>100.0</b>	<b>128,654</b>	<b>100.0</b>	<b>191,533</b>	<b>100.0</b>

*Notes:*

- (1) SmartInvest Pro was previously named as Hui Investment, and was renamed as SmartInvest Pro in March 2020. See “History, reorganization and corporate structure – Overview – Application Development and R&D Capabilities Establishment.”
- (2) Operation management system primarily includes modules that support our business operation and are accessible by our paying users, such as those modules which aim to enhance the performance of our products and services and improving operational efficiency.
- (3) Middle- and back-end management systems primarily include modules used by our employees to support our internal operations and are related to middle- and back-end office functions, including client relationship management and communication channel.

The research and development expenses on SmartInvest Intro was nil in the ten months ended October 31, 2022 because we switched our focus from online financial literacy education services to the other two offerings since 2022, and the gross billing of online financial literacy education services contributed less than 0.1%, 0.9%, 1.2% and less than 0.1% of our total gross billing in 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. See “– Our Offerings – Online Financial Literacy Education Services”.

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The research and development expenses on operation management system increased substantially in 2021, primarily because we started to generate revenue from financial information software services and online financial literacy education services, and the related module development and maintenance fees increased accordingly. The increase in the ten months ended October 31, 2022 compared to the same period in 2021 was primarily attributable to the increased investment in upgrading our operation management system in the ten months ended October 31, 2022 and the related module development and maintenance fees increased accordingly.

The research and development expenses on middle- and back-end management systems increased substantially in 2021 and the ten months ended October 31, 2022, primarily as a result of (i) the increased investment in the development of systems related to our internal daily management, particularly in modules related to compliance and risk control, in light of the increase in our revenue and the number of employees; and (ii) the upgrade of our existing middle- and back-end management systems to meet the needs of work-from-home arrangement and further mitigate the adverse impact caused by the COVID-19 pandemic.

For a detailed breakdown of our research and development expenses by nature, see “Financial Information – Description of Major Components of Our Results of Operations – Research and Development Expenses.”

We aim to provide our R&D staff with a comfortable work environment to stimulate their creativity and efficiency. We adopt a flat organizational structure and use project systems to establish teams based on the dynamic needs of various projects, to efficiently allocate our R&D resources. Our R&D staff works under comprehensive and strict procedures covering demand analysis, project initiation, design and development, and testing and launching to effectively control costs as well as guarantee project quality.

### **INTELLECTUAL PROPERTY RIGHTS**

Intellectual property is fundamental to our success and competitiveness. We currently hold a collection of intellectual property rights relating to certain aspects of our business operation. As of the Latest Practicable Date, we had registered in China a total of seven patents, 90 trademarks, 42 domain names, and 72 copyrights and in Hong Kong a total of six trademarks. See “Appendix V – Statutory and General Information.”

We protect our intellectual property rights, including trademarks, patents, copyrights and domain names, strictly in accordance with the relevant laws and regulations. We regularly improve and update our intellectual property management system in line with the development of our business. We seek to maintain registration of intellectual property rights that are material to our business under appropriate categories and in appropriate jurisdictions. At the same time, for proprietary know-how that is not patentable and processes for which patents are difficult to enforce, we expect to rely on business confidentiality agreements to safeguard our interests in this respect. We have entered into confidentiality agreements, or employment agreements with confidentiality terms, with our employees, requiring them to strictly comply with our confidentiality requirements.

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During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. We believe that we have taken reasonable measures to prevent infringement of our own intellectual property rights. However, unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See “Risk Factors – Risks relating to Our Business and Industry – Any failure to protect our intellectual property could harm our business and competitive position” and “Risk Factors – Risks relating to Our Business and Industry – We may be subject to intellectual property infringement claims, which may be expensive to defend and disruptive to our business and operations.”

### OUR CUSTOMERS

Our customers are the paying users of our offerings. We have a broad base of customers, and our five largest customers accounted for less than 1.0% of our total revenues for each year or period during the Track Record Period.

All of our five largest customers during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their respective close associates or any Shareholders (which to the knowledge of Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers. During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, there were not any side agreements, arrangements, understanding or fund flow between our customers and us.

### OUR SUPPLIERS

Our major suppliers primarily include (i) media and agents of media platforms, (ii) our content production partners\*, and (iii) technology companies, consisting of marketing services providers and technology infrastructure providers.

To ensure that procured items can meet our needs, we have set up procurement guidelines and standards based on different types of products or services we purchase. We consider several factors in the evaluation and selection of suppliers, including the supplier’s background, reputation, and industry experience, and most importantly the quality and price of their services or products. All new suppliers must go through our internal supplier admission process before entering into supply agreements with us. We endeavor to ensure that all procurement conducted are in our best interest.

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\* *Note:* While we have a professional and specialized in-house team for the creation of the core information of our courses, including analysis and views related to investment and financial market, we procure technical support from external parties from time to time, including provision of images, backgrounds and special effects, which are required in our content preparation and production process.



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We believe that our operation is not dependent on any particular supplier. During the Track Record Period, we maintained multiple suppliers to avoid over-reliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

Our suppliers are situated in multivariate industries. We entered into different framework agreements with our suppliers based on different industry practices.

For each year or period during the Track Record Period, charges from our largest supplier accounted for 36.8%, 13.8%, 23.6% and 14.7%, respectively, of our total cost of sales and operating expenses, and charges from our five largest suppliers accounted for 50.9%, 33.5%, 36.1% and 33.9%, respectively, of our total cost of sales and operating expenses.

The following table sets forth details of our five largest suppliers for the year ended December 31, 2019:

Supplier	Amount of expenses (RMB in millions)	% of total cost of sales and operating expenses (%)	Commencement of business relationship	Primary service procured	Supplier background	Year of establishment	Registered capital (RMB in millions)
Shanghai Qijian	132.7	36.8	2019.6	Software Development	Information Technology	2013	200.0
Supplier G	17.1	4.7	2019.4	Promotion Services	Advertisement design, creation, agency and distribution	2016	5.0
Shanghai Yinsai Computer Technology Co., Ltd. ("Yinsai")	13.3	3.7	2019.3	Software Development	IT hardware and software development and sales, value-added telecommunication service	2011	5.0
Supplier I	13.2	3.7	2019.6	Internet Marketing Service	Technology development and sales; advertisement design, creation, agency and distribution	2018	5.0
Supplier J	7.2	2.0	2019.3	Promotion Services	Advertisement design, production and distribution, and acting as an advertising agency	2009	8.0
<b>Total</b>	<b>183.5</b>	<b>50.9</b>					

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The following table sets forth details of our five largest suppliers for the year ended December 31, 2020:

Supplier	Amount of expenses (RMB in millions)	% of total cost of sales and operating expenses (%)	Commencement of business relationship	Primary service procured	Supplier background	Year of establishment	Registered capital (RMB in millions)
Shanghai Qijian	99.9	13.8	2019.6	Software Development	Internet technology development and sales	2013	200.0
Supplier K	56.7	7.8	2020.4	Internet Marketing Service	Advertisement design, creation, agency and distribution	2011	140.0
Supplier L	31.1	4.3	2019.5	Internet Marketing Service	Advertisement design, creation, agency and distribution	2014	1.3
Supplier M	28.4	3.9	2020.4	Internet Marketing Service	Advertisement design, creation, agency and distribution	2016	2.0
Supplier N	26.5	3.7	2020.2	Internet Marketing Service	Advertisement design, creation, agency and distribution	2010	20.6
<b>Total</b>	<b>242.6</b>	<b>33.5</b>					

The following table sets forth details of our five largest suppliers for the year ended December 31, 2021:

Supplier	Amount of expenses (RMB in millions)	% of total cost of sales and operating expenses (%)	Commencement of business relationship	Primary service procured	Supplier background	Year of establishment	Registered capital (RMB in millions)
Supplier O	327.6	23.6	2021.2	Internet Marketing Service	Advertisement design, creation, agency and distribution	2020	5.0
Supplier P	70.1	5.1	2020.3	Internet Marketing Service	Advertisement design, creation, agency and distribution	2018	5.0
Supplier N	51.7	3.7	2020.2	Internet Marketing Service	Advertisement design, creation, agency and distribution	2010	20.6
Supplier Q	28.7	2.1	2019.4	Media Promotion Service	TV Channel	2009	10.0
Supplier R	22.4	1.6	2021.2	Internet Marketing Service	Advertisement design, creation, agency and distribution	2010	10.0
<b>Total</b>	<b>500.5</b>	<b>36.1</b>					

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The following table sets forth details of our five largest suppliers for the ten months ended October 31, 2022:

Supplier	Amount of expenses (RMB in millions)	% of total cost of sales and operating expenses (%)	Commencement of business relationship	Primary service procured	Supplier background	Year of establishment	Registered capital (RMB in millions)
Supplier O	192.4	14.7	2021.2	Internet Marketing Service	Advertisement design, creation, agency and distribution	2020	5.0
Supplier S	102.0	7.8	2021.12	Internet Marketing Service	Advertisement design, creation, agency and distribution	2021	5.0
Supplier T	55.0	4.2	2021.9	Internet Marketing Service	Advertisement design, creation, agency and distribution	2013	50.0
Supplier R	48.2	3.7	2021.2	Internet Marketing Service	Advertisement design, creation, agency and distribution	2010	10.0
Supplier P	45.6	3.5	2020.3	Internet Marketing Service	Advertisement design, creation, agency and distribution	2018	5.0
<b>Total</b>	<b><u>443.2</u></b>	<b><u>33.9</u></b>					

Shanghai Qijian and Yinsai are our related parties. For details about our related party transactions during the Track Record Period, see Note 24 to the Accountants' Report in Appendix I to this prospectus. All of the other five largest suppliers during the Track Record Period were Independent Third Parties. Save as disclosed above, as of the Latest Practicable Date, none of our Directors, their respective close associates or any Shareholders (which to the knowledge of Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers. In addition, Mr. Cheng Wei, who was appointed as our vice president in August 2021, used to control the majority shares of Supplier G and transferred his entire holdings of interests to an independent third party of our Company as required by our internal policies. Except for the above, during the Track Record Period and up to the Latest Practicable Date, there were no past or present relationships or dealings (including family, business, employment, trust, fund flow, financing or otherwise) between us and our suppliers, their respective shareholders, directors or senior management, or any of their respective associates.

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The significant changes in the composition of our five largest suppliers during the Track Record Period were mainly due to the following reasons:

- In 2019, due to our short operating history and in consideration of our strategy to explore the application scenarios of our business model under online high-end investor education services on mobile internet, the majority of services we procured are software development services, and IT hardware development services provided by our related parties. Specifically, Shanghai Qijian helped develop “Hui Investment”, the prototype App of SmartInvest Pro, while Yinsai helped establish our internal IT and operating system in support of our revenue-generating Apps. Meanwhile, we also sought to promote our brand and services through internet platforms. However, due to our insufficient bargaining power at that time, we primarily chose service providers which offered more beneficial terms on service fee, prepayment policies, credit terms and rebate policies.
- In 2020, along with the significant growth of our revenue, our brand awareness was largely improved, leading to an expansion of our promotion channels. As a result, the majority of our five largest suppliers in 2020 were marketing service providers, including new suppliers with competitive commercial terms and more diverse promotion services, and existing suppliers who demonstrated sound service qualities and with which we have established successful relationships. We also established our own IT team and procured the entire development software of “Hui Investment” in 2020, which led to the termination of our cooperation with Yinsai in 2020 and Shanghai Qijian in 2021.
- Since 2021, due to the launch of our two new offerings, online financial literacy education services and financial information software services, we enlarged the scale of our online promotions and increased investment in our traffic matrix of convergent media to expand the outreach of our marketing channel, which led to the expanded collaboration with existing suppliers in internal terminals and traditional media. In addition, based on our business strategy of promoting our new offerings, we also brought in new marketing service providers, especially those with strong capability in media production, and those with experience in the market at which our new offerings are targeted;
- In the ten months ended October 31, 2022, in recognition of the effective marketing performance brought by KOL live-broadcasting, we strategically increased investment to expand our marketing channel to online live-streaming platforms, which led to the collaboration with new suppliers in e-commerce platforms and online live streaming platforms.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disputes with suppliers, any interruption in our operations due to a shortage of services or any significant fluctuations in their prices.

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During the Track Record Period and up to the Latest Practicable Date, Shanghai Jiufangyun, the major operating entity of our Group, did not hold AVP License, while we entered into cooperation agreements with Fumeng (the “**Fumeng Cooperation**”) in February 2018. We did not operate AVP business before such cooperation. According to the cooperation agreements, Fumeng, a holder and the service vendor of AVP License, provides video, audio and livestreaming broadcast technology and service to us. Founded in 2000, Fumeng is a technology company that mainly operates in telecommunication industry and has RMB52.0 million registered share capital. It primarily operates through its proprietary Apps or websites for customers to publish videos, audios and livestreaming broadcasts on its platform. Fumeng also provides information technology services that offer integrated audio-visual program solutions and technology support under various scenarios, including, among others, video recordings, livestreaming broadcasts, and user interaction functions. We inform the users that the technical operation of the audio-visual programs and the related functions are provided by a third party through a popup window on the video playing interface, which requires the users to click the confirmation button before playing a video. We also display on certain video pages that the technical operation of the audio-visual programs and the related functions are provided by Fumeng. Fumeng is an Independent Third Party and serves customers across various industries besides us.

Key terms in our cooperation agreements include:

- **Duration.** An initial term of one year. After the Initial Term, this Agreement shall be renewed automatically for an additional year unless otherwise terminated by the parties.
- **Pricing and Payment.** Service fees include monthly basic service fees and an additional fee. The basic service fee is RMB10,000 per month for Shanghai Yingma and RMB50,000 per month for Shanghai Jiufangyun, which was mainly determined by the service scope agreed by the parties, including live streaming services, user operation services and statistical services. The additional fee shall be determined by factors including, among others, the length of the service periods and the effects, duration, and numbers of the broadcasts. During the Track Record Period, we have not paid Fumeng any such additional fee. In the event that we engage Fumeng to provide additional service, we will negotiate with Fumeng in good faith any additional fee to be charged by Fumeng.
- **Service scope.** Fumeng is obliged to open its proprietary network platform (or use similar technology) that connects to our SmartInvest Apps to provide video recordings, livestreaming broadcasting, message recipient and distribution and interactive functions on our SmartInvest Apps through Fumeng’s server. Fumeng also manages, operates and maintains the functions of livestreaming broadcasting, video recording, and user interaction.

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- **Confidentiality.** Fumeng is obliged to keep confidential of all information provided by us and obtained in the formation or performance of the relevant agreement that relates to trade secrets, technology materials, and client information. Without written consent from us, Fumeng shall not disclose or use such information for purposes other than the performance of the relevant agreement.
- **Intellectual Property.** During the performance of our cooperation agreements, any intellectual property rights or any related application rights contained in or in connection with all information and content uploaded by us shall belong to us.
- **Termination.** The non-breaching party is entitled to terminate the agreement if the breach will render the performance of the relevant agreement impractical or impossible and to seek compensation for all economic losses. Save for the foregoing, the agreements do not provide for any unilateral termination right.

Since February 2018, the beginning of our cooperation with Fumeng, up to the Latest Practicable Date, we had not experienced any non-renewal or difficulty in the renewal for our cooperation with Fumeng. We have been maintaining a good relationship with Fumeng and are given to understand that Fumeng intends to continue to cooperate with our Group in the near future. As such, we do not foresee any difficulty in renewing our cooperation agreement with Fumeng.

Pursuant to the Administrative Provisions on Internet Audio-visual Program Services (《互聯網視聽節目服務管理規定》), the “**Administrative Provisions**”, “Internet audio-visual program services” refer to the activities of producing, editing, integrating, and providing audio-visual programs to the public via the Internet, and of uploading and broadcasting the audio-visual programs on behalf of others. Providers of Internet audio-visual program services are required to obtain an AVP License issued by competent authority for the State Administration of Radio, Film and Television. Pursuant to the Internet Audiovisual Program Service Business Classification Directory (Trial) (《互聯網視聽節目服務業務分類目錄(試行)》), to provide services for the procurement, collection and scheduling of feature programs in finance and economics, and to allow the public to broadcast on-demand (including video download or video rotation), an entity is required to obtain an AVP License, the scope of which should cover “services relating to the collection and broadcasting of financial and other feature audio-visual programs”.

On October 18, 2021, our PRC Legal Advisor conducted an interview (the “**Shanghai CLEO Interview**”) with the Law Enforcement Office of Shanghai Municipal Administration of Culture and Tourism (上海市文化和旅遊局執法總隊) (the “**Shanghai Cultural Law Enforcement Office**”), the competent PRC authority responsible for the administration of and enforcement of laws and regulations in relation to the operations of audio-visual programs and information network dissemination carried out by companies within its jurisdiction. According to the Shanghai CLEO Interview, Shanghai Cultural Law Enforcement Office confirmed that (i) cooperation between a non-AVP License holder and an AVP License holder is not illegal or prohibited, provided that the broadcasting activity is conducted by the entity which holds an

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AVP License and the non-AVP License holder discloses such cooperation in its platform; (ii) Fumeng Cooperation is not in contravention of laws or regulations and the competent authority will not impose penalties on Fumeng Cooperation; and (iii) the competent authority has not imposed any administrative penalties on either Shanghai Jiufangyun or Shanghai Yingma due to any violation of laws and regulations relating to the provision of audio-visual program services.

Our PRC Legal Advisor is of the view that under the Fumeng Cooperation, the Fumeng Cooperation and the operation of our businesses without the AVP licenses are in compliance with the applicable PRC laws, rules and regulations.

We and Fumeng are respectively responsible for the content to meet the requirements of the relevant laws and regulations. Specifically, our main business is under the supervision by the CSRC and its local offices in accordance with the relevant rules on securities investment advisory business, and we are responsible for the content we provide in relation to securities investment advisory business we operate in accordance with applicable laws. In the meanwhile, pursuant to the Administrative Provisions, the audio-visual programs provided by online audio and video program service providers must be in compliance with laws and regulations, and cannot contain any illegal contents as prescribed under the Administrative Provisions, otherwise the online audio and video program service providers will be subject to certain penalties. Besides, the major investors and operators of such online audio and video program service providers are responsible for the content of the programs they broadcast and upload. Therefore, although Fumeng is not allowed to manage or edit the information and content of the video, audio and livestreaming broadcast under the Fumeng Cooperation, it is still responsible for the content of the programs it broadcasts and uploads as the provider of online audio and video program services. At the same time, we are responsible for the content of the programs to comply with the relevant rules on securities investment advisory business. However, if by any chance the contents provided by us violate the laws and cause Fumeng to suffer losses, Fumeng has the right to pursue our responsibility to provide compensation for its losses pursuant to the relevant agreement and the applicable PRC laws and regulations.

Since August 2021, we also have engaged Shenzhen Huatian, a holder and the service vendor of RTPPO License, to provide video, audio and livestreaming broadcast production services to us. Founded in 2000, Shenzhen Huatian has RMB3.0 million registered share capital and primarily provides commissioned audio and video production services, where its customers design and create the content for it to produce audio-visual programs accordingly. Shenzhen Huatian is an Independent Third Party and serves customers across various industries besides us.

Key terms in our cooperation agreements include:

- ***Duration and Termination.*** After the Initial Term of one year, the agreements shall be renewed automatically for an additional year with unlimited number of terms, unless otherwise terminated by the parties. The agreements do not provide for any unilateral termination right.

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- **Pricing and Payment.** The service fee agreed between us and Shenzhen Huatian is RMB10,000 per month for Shanghai Yingma and RMB40,000 per month for Shanghai Jiufangyun which was mainly determined by the number of video productions, copywriting and program planning agreed by the parties. The payments are to be settled on a semi-annually basis.
- **Service scope.** The services provided by Shenzhen Huatian include video production and publishing, program planning, copywriting and assisting us with the video shooting and post-production.
- **Confidentiality.** Shenzhen Huatian is obliged to keep confidential of all information provided for us. Without written consent from us, Shenzhen Huatian shall not disclose such information for purposes other than the performance of the relevant agreement.
- **Intellectual Property.** During the performance of our cooperation agreements, any intellectual property rights or any related application rights contained in or in connection with all content produced and edited by Shenzhen Huatian shall belong to us.

Since August 2021, the beginning of our cooperation with Shenzhen Huatian, up to the Latest Practicable Date, we had not experienced any non-renewal or difficulty in the renewal for our cooperation with Shenzhen Huatian. We have been maintaining a good relationship with Shenzhen Huatian and understand that Shenzhen Huatian intends to continue to cooperate with our Group in the near future. As such, we do not foresee any difficulty in renewing our cooperation agreement with Shenzhen Huatian.

Pursuant to the Administrative Provisions on the Production and Operation of Radio and Television Programs (《廣播電視節目製作經營管理規定》), any entity engaging in the production or operation of radio and television programs, including the production of features, columns, variety shows, animations, radio dramas, TV dramas or other broadcasting television programs is required to hold an RTPPO License.

According to the Shanghai CLEO Interview, Shanghai Cultural Law Enforcement Office confirmed that (i) entrusted production of audiovisual programs where the entrusted entity holds an RTPPO License is not illegal; and (ii) the competent authority has not imposed any administrative penalties on either Shanghai Jiufangyun or Shanghai Yingma due to any violation of laws and regulations relating to the provision of the production of audio-visual programs.

Our PRC Legal Advisor is of the view that the entrusted production of audio-visual programs to Shenzhen Huatian and the operation of our businesses without the RTPPO licenses are in compliance with the applicable PRC laws, rules and regulations.



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During the Track Record Period, all of our revenue-generating offerings involved services provided by Fumeng under its AVP License. Since August 2021, we have engaged Shenzhen Huatian, who wholly owns Fumeng, for its RTPPO License services, and all of our revenue-generating offerings afterwards involved services provided by it under its RTPPO License. The service fees of Fumeng and Shenzhen Huatian are recognized as technology service fee of general and administrative expenses on a monthly basis in our financial statement. For the year ended December 31, 2019, 2020 and 2021 and for the ten months ended October 31, 2022, the technology service fee of Fumeng and Shenzhen Huatian was nil, nil, RMB650,000 and RMB1,100,000, respectively, representing nil, nil, 0.5% and 0.9% of our total general and administrative expenses during the same periods. Their services, while representing indivisible components of the delivery of our offerings, do not have any connection with the core value of our offerings. We and our offerings are widely recognized for our high-quality content, which relies on our strong product development capabilities. Our professional and specialized product development team, Jiufang Research Institute, has various experience in research, investment and other financial fields. It is able to develop the appealing content that satisfies customers' evolving needs. Once we have developed such quality content, Shenzhen Huatian converts the content into the form of audio-visual programs, including videos and audios. The audio-visual programs are then displayed on our SmartInvest Apps, with the support of Fumeng's technology and service. Therefore, while the AVP License and RTPPO License services serve as a means of delivery of audio-visual programs under our offerings, neither Fumeng nor Shenzhen Huatian participates in the development of the content of such audio-visual programs. In addition, while we have maintained good relationships with Fumeng and Shenzhen Huatian and we do not foresee any difficulties in renewing our respective cooperation contracts with Fumeng and Shenzhen Huatian, service providers with the AVP License and RTPPO License are widely available in the market, according to Frost & Sullivan. We have reached out to other service providers for quotations, and we believe there is no significant difficulty in locating qualified alternative service providers under comparable terms in the market.

Having considered the foregoing, our Directors are of the view that (i) we would be able to obtain similar service from other service providers on comparable terms, and the cost to be incurred by us in the change of service provider would be low; and (ii) therefore such change of service providers, as well as our lack of AVP License or RTPPO License, would not have a material adverse impact on our business or results of operations.

Based on the independent due diligence conducted by the Sponsor and the understanding that there are comparable service providers in the market offer similar services as Fumeng and Shenzhen Huatian at comparable rates, the Sponsor concurs with the view of the Directors that there is no material adverse impact to the business or results of operations to our Group even if there exists a risk that Fumeng and Shenzhen Huatian may terminate their cooperation with our Group as the Group would be able to obtain similar service from other service providers on comparable terms in such event and the transfer cost to be incurred by the Group is expected to be low.

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We do not expect to experience any material disruption to our operations if we change the providers of AVP License and RTPPO License services, although there is no assurance that we will always be able to engage suitable substitutes in a timely manner, which may interrupt our operations temporarily. See “Risk Factors – Risk Relating to Our Business and Industry – We rely on a number of key suppliers to provide us with certain services, the loss of supply from whom could have a material adverse effect on our reputation, ability to retain customers, market share, and results of operations.”

### SEASONALITY

We experience seasonality in our business as our results of operations are affected by holidays in China. Our sales are generally low in times of long public holidays, such as the Chinese New Year, during which the stock market is closed. Seasonal fluctuations have not thus far posed material operational and financial challenges to us, as such periods tend to be brief and predictable.

### COMPETITION

The online investment decision-making solution market we operate in is highly competitive and rapidly evolving due to increasingly diversified investment demands. We compete directly with other online investment decision-making solution providers who offer online investor content services and financial information software services. Success in this industry depends on various factors, such as content production quality, technologies capabilities, depth and breadth of offerings, quality control of offerings, marketing efforts and strength and reputation of brands.

According to Frost & Sullivan, in terms of gross billing in 2021, we were the second largest online investment decision-making solution provider in China with a market share of 5.9%. The online investment decision-making solution market mainly comprises three components, including (i) the online investor content service market, which includes (a) the online high-end investor education service market and (b) the online financial literacy education service market, (ii) the financial information software service market and (iii) other service market. According to Frost & Sullivan, the top three players in online high-end investor education service market accounted for an aggregate market share of 48.6%. We were the largest online high-end investor education services provider in China with 31.9% market share in 2021.

We believe that we are in a more favorable competitive position compared to our peers primarily because: (i) we have formed a more balanced offerings covering the online high-end investor education service, online financial information software service and the online financial literacy education service, allowing us to more effectively capture more opportunities from different segments of the overall market; and (ii) unlike the typical financial information software services provided by traditional players (such as Company B, see “Industry Overview – ”), our financial information software service features comprehensive value-added services including extensive online courses and one-on-one advisory services (exclusive to deluxe

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version), which have gained wide popularity among individual investors. Going forward, we intend to solid our marketing position and establish competitive advantage compared to other major players by continuing to strengthening our product development capabilities and deliver quality and valuable contents to our customers.

We entered the financial literacy education service market and financial information software service market only recently in December 2020 and in 2021, respectively. In 2021, the top five players in the financial literacy education service market and financial information software service market contributed 22.7% and 50.6%, respectively, in terms of gross billing, according to Frost & Sullivan.

We believe that our differentiation from our competitors are largely attributable to our ability to consistently generate high-quality contents, to maintain the robustness of our technology infrastructure, to capture and retain user traffic, and to safeguard our industry reputation. Compared with our competitors, we have been strategically focused on the online high-end investor education service market since our inception in 2018. Building upon market insight that we have accumulated through our traffic matrix, we have been able to accurately seize the market demands and focus on online high-end investor education services which have significant growth potential with the target customer group being the mass affluent class. Additionally, we have retained a group of talented content production specialists and established an in-depth collaboration with content production partners, which continuously empower our content production process, ensure the high-quality of our contents and improve customer satisfaction. Moreover, we endeavor to continue to harness our extensive collaboration with our media partners like traditional media and internet platforms, in an effort to enhance our brand equity and extend our outreach to more potential customers. Therefore, we believe we are able to compete effectively against our competitors given our competitive edge.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, such as AI supervising management, financial reporting risk management and internal control risk management. We evaluate the operation of our risk management and internal control systems routinely, and categorize the potential defects identified in the evaluation into high, medium and low levels, based on the impact of the defects, and determine the rectification time accordingly. We continuously improve our risk management and internal control systems and conduct our business in compliance with our established internal control systems.

### **AI Compliance Management**

We leverage AI technology in connection with our risks in our marketing and advisory activities by content-awareness and emotion analysis. We also enforce AI compliance management through measures such as full chain content auditing and risk information pushing, in order to ensure compliance and protect our customers from investment risks.

### **Financial Reporting Risk Management**

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policy and treasury management policy. Our financial management center reviews our management accounts based on such policies. We also provide regular training to our financial management center staff to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

### **Related Party Transaction Risk Management**

We have formulated related party transaction management system, which stipulates the identification, monitoring, approval and disclosure of related party transactions. The financial department periodically updates the list of related party transactions and related party transaction personnel, and the compliance department regularly reviews the relevant information to ensure the monitoring of our related party transactions. During the Track Record Period, we did not provide any financing or guarantees for our shareholders, actual controllers or other related parties.

### **Data and Internal Control Risk Management**

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations such as the Guideline on Managing the Information Technology of Securities and Fund Management Institutions (《證券基金經營機構信息技術管理辦法》) issued by the CSRC. Our internal control team works closely with our legal, finance and business departments to (i) perform risk assessments and advise risk management strategies; (ii) improve business process efficiency and monitor internal control effectiveness; and (iii) promote risk awareness throughout our Company.

### **Data and Information Security Management**

Sufficient maintenance and protection of business data and other related information is critical to our business. To that end, we have established an information security management system highlighted by our data security system and other relevant technology infrastructures. Specifically, we dedicate significant resources to developing and implementing programs designed to protect sensitive business data and information. We have also implemented internal rules on data security, formulated emergency plans for network security incidents and adopted technical measures to prevent computer viruses, network attack, and network intrusion.

On December 28, 2021, the CAC, jointly with the other 12 governmental authorities, promulgated the MCR, which became effective on February 15, 2022. According to the MCR, the purchase of cyber products and services by a CIIO and the data processing activities by an online platform operator, to the extent that affects or may affect national security, will be subject to the cybersecurity review. Pursuant to the MCR, an online platform operator which handles personal information of over one million individual users and intends to list in a foreign country (國外上市) shall be subject to cyber security review. On November 14, 2021, the Draft Cyber Data Security Regulations was promulgated by the CAC for public comments until December 13, 2021, and as of the Latest Practicable Date, it had not been formally adopted. Article 13 of the Draft Cyber Data Security Regulations requires data processors who seek to go public in Hong Kong, which affects or may affect national security, to apply for the cybersecurity review procedures in accordance with the relevant laws and regulations. However, neither the MCR nor the Draft Cyber Data Security Regulations provide further explanation or interpretation for “affect or may affect national security,” which remains to be clarified and elaborated by the CAC. The PRC government authorities may have wide discretion in the interpretation for “affect or may affect national security.” As advised by our PRC Legal Advisor, based on their understanding of current law and regulations, the CCRC Consultation, our past performance in relating to the data and information security as of the Latest Practicable Date and the relevant control measures we have taken, we believe that: (i) the MCR and the Draft Cyber Data Security Regulations should not have a material adverse impact on our business operations or the Listing; and (ii) our operations during the Track Record Period and up to the Latest Practicable Date complied with the MCR and the Draft Cyber Data Security Regulations in all material aspects. See “Regulatory Overview – PRC Regulation Related to Internet Security and Privacy Protection.”

### **Compliance Programs Related to Employees’ Qualification and Behavior**

We have adopted a full-cycle compliance mechanism and comprehensive employee management measures including guidance rules, employee manuals, content pre-vetting mechanism, AI compliance system and regular trainings, to regulate the qualification and conduct of our employees during the sales and marketing process and during the delivery of our offerings, to prevent misconduct, we also enforce a penalty regime when misconducts were found. We also have a dedicated team of compliance personnel led by Ms. WANG Ping, our vice president and who had extensive experience in sales and marketing compliance. See “Directors and Senior Management.” As of October 31, 2022, the number of our compliance employees reached 33, among which 28 had obtained the securities practitioner qualification. The salary of our compliance employees is fixed and not related to our sales performance.

#### ***Internal policies and procedures***

We have implemented strict policies and internal procedures to regulate our employees’ qualification and conduct during the sales and marketing process and during the delivery of our offerings, and ensure their compliance with relevant regulations. Such policies and procedures are stipulated in the employee compliance manual and operating and marketing guidelines.

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We have formulated the administrative measures for securities investment advisors, stipulating the qualification requirements, code of conduct, responsibilities and prohibited behavior for investment advisors. The compliance department is responsible for the registration and management of our securities investment advisors, confirming that the personnel providing services to customers have securities investment advisory qualifications and submitting the reviewed investment advisor registration information to the association for registration. The training department is responsible for the implementation and supervision of follow-up vocational training for securities practitioners.

In addition, the administrative measures for securities investment advisors prohibit investment advisors from misleading promotion, lending or transferring licenses, illegally promising earnings, illegally agreeing with customers on income sharing, enticing customers to excessive trading, and other securities and fund business activities that violate laws and regulations. Our investment advisors are required to sign a letter of commitment to comply with this policy and clarifies relevant punitive measures for violations. When the AI compliance system detects violations of investment advisors, it triggers an automatic alert and we will punish relevant violations based on the administrative measures for securities investment advisors.

The employee compliance manual explicitly prohibits any inappropriate behavior during the sales and marketing process and during the delivery of our offerings, such as fabrication or concealment of facts, misrepresentation, or false or misleading statements on our services or performance, and promises of investment returns. Specifically, our employee compliance manual imposes stringent restrictions on the recommendations of specific financial products. Although our certified lecturers and one-on-one consultants with the relevant licenses issued by the CSRC are legally qualified to make recommendations on specific financial products, i.e., instructions or advice on selling, buying or holding specific financial products at particular price points at a specific time, based on our employee compliance manual, we do not recommend them to do so. They are only allowed to use specific financial products for illustration purpose in pre-recorded online courses, livestreaming broadcasts and one-on-one advisory services. Rather, we encourage our certified lecturers and one-on-one consultants to only share their views on market trends, investment analysis techniques, and investment experience instead and help our customers improve their investment strategies, which may include analysis on performances of investment portfolios.

We have issued the product operation and publicity management policy to regulate the legality and compliance of the products' promotional content and the behavior of our employees. The policy prohibits our employees from using false, exaggerated or misleading content to deceive and induce customers and promising investment benefits or implying no risk to customers. Furthermore, the policy clarifies penalties for violations of different types and severity.

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The operating and marketing guidelines and compliance guidelines stipulate internal procedures for reporting and approval of the content presented in promotional activities, in the delivery of offerings and on SmartInvest Apps. The guidelines also include a mandatory record-trace rule that requires storing, without any modification, the records of all activities during the sales and marketing process and the delivery of offerings, such as records of our customers' conversations with our sales and service delivery employees on our official communication channels, for the purpose of compliance monitoring.

During the Track Record Period and up to the Latest Practicable Date, no material deficiency is identified in relation to our internal control procedures in monitoring the ongoing compliance of our employee conduct.

### *Preventive measures*

We have implemented a three-step preventive measures to ensure that the content and format of activities during the sales and marketing process and during the delivery of our offerings are in line with relevant laws and regulations.

First, we require that all employees communicate with customers or potential customers only through our official communication channels to prevent private communications and conceal improper conduct, and enable full-cycle and complete record collection through the following measures:

- *Random customer assignation and desensitized information.* Each customer is randomly assigned to one dedicated sales and service delivery employee and all personal information is anonymized and desensitized so that our employees are unable to obtain any contact information related to their assigned customers;
- *Restrictive usage of hardware and software.* All employees communicating with customers or potential customers are equipped with office computers and cellphones that have been technically configured so that only limited functions are available to such employees. The cellphones are installed with our customized operating system, and the installation of third-party Apps is banned. The cellphones are also equipped with our proprietary sales monitoring system “Rongdun” (融盾) to record all communications and activities during the sales and marketing process and the delivery of our offerings for monitoring purposes and to remove any malicious software on cellphones. Our office computers are equipped with the procurement portal safety management software “IP-guard” to securely encrypt our intranet and monitor computer activities such as document processing, communication, e-mail operation, browser and application operation, as well as network traffic used. Our customer relationship management system (CRM), where sales leads and customer profiles are collected and processed, is only functionable when the cellphones and computers are connected to the intranet in the office or the office VPN when our employees are working from home. In addition, employees cannot circumvent our CRM or export sales leads data and customer profiles from our CRM and approach customers from their personal portals. The call center of the cellphones and the computers is also privately deployed so that plaintext phone numbers are blocked

from being displayed on the user interfaces. Our employees are only permitted to contact customers through their Jiufang office accounts on our official communication channel, Enterprise WeChat (企業微信), which prohibits the export of contact information and which is required to be handed over to our Group once an employee resigns. In this regard, our employees cannot contact or communicate with clients through other hardware and software through their personal portals.

Second, we pre-vet the content to be displayed throughout the marketing process and under our offerings, including promotion materials and content on SmartInvest Apps and websites, textbooks and videos in our pre-recorded online courses and scripts for our livestreaming broadcasts, for the appropriateness and legality of such content. If we identify any content relating to recommendations on specific financial products or containing any inappropriate information, we would modify the contents accordingly to the satisfaction of our internal compliance team before release.

Third, for content presented during live interaction scenarios such as presentations and interactions by our certified lecturers during livestreaming broadcasts, communications by our one-on-one consultants while providing one-on-one advisory services, and communications by other employees with our customers, we have developed an AI compliance system along with manual review by our compliance staff to monitor compliance. The AI compliance system covers an array of functions, including content screening, tracing of records such as customer suitability records, service development records, transaction management records and customer feedback records. The AI compliance system also monitors compliance 24/7 on sales and marketing activities and activities conducted during the delivery of our offerings with its AI algorithm. Specifically, our AI compliance system screens both text and voice messages in real time against its database of inappropriate marketing language, and sends alert messages to our compliance staff when such language is detected. The AI compliance system automatically highlights the corresponding message, allowing our compliance staff to identify the risks promptly. For live-streaming sessions, our AI compliance system transcribes the audio to text and performs an intelligent search for any inappropriate marketing language, before submitting it to our compliance staff for further review. Our compliance staff also manually review the script and recordings of the livestreaming broadcasts, text conversations that involve representations and interpretations by our employees on our contents, as well as communications in other formats such as images, voice messages and video messages on our official communication channels. We update the AI algorithm regularly to ensure that our compliance standard is aligned with the latest relevant laws and regulations.

### ***Employee conducts***

We have enforced a strict internal penalty and disciplinary mechanism against employee misconduct. We classify employee misconduct into different degrees based on the type and severity of the misconduct. Employees who violate the internal manuals or guidelines will be subject to different levels of disciplinary action. For employees who have made improper representations, false advertising, promises of investment returns or other severe misconduct, we will impose fines or even dismiss such employees and/or their supervisors involved.



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Despite the controlling measures as detailed above, we are not risks free from employee misconduct which might cause harm to our reputation and customer relationships. For instance, even though we pre-vet all contents presented such as the contents of our pre-recorded courses and the scripts for our livestreaming broadcasts, we cannot prevent employees from using inappropriate information, misappropriating or misinterpreting our contents through distorting the original contexts and making misrepresentations, or committing other severe misconduct in live interaction scenarios. See “Risk Factors – Employee misconduct could expose us to significant legal liability and reputational harm.” During the Track Record Period, we identified a total of 434 improper sales and marketing activities conducted by our sales staff during our business operations in breach of our internal policies, which were formulated and are updated per the latest laws and regulations, among which 184 were related to false advertising, 74 were related to recommendations of specific financial products (none conducted by our certified lecturers and one-on-one consultants), 174 were related to improper representations and two were related to promises of investment returns. During the Track Record Period, none of our certified lecturers and one-on-one consultants was identified to have any misconduct in breach of our internal policies. These incidents of misconduct were spotted promptly after their occurrence by our AI compliance system or manually by our compliance staff and were properly handled by taking further measures, such as alerting compliance staff, highlighting relevant messages and imposing appropriate disciplinary action on the respective employees, preventing the misconduct from causing material and adverse impacts on our brand reputation or business operations.

To our best knowledge, there was no material employee misconduct occurred during the Track Record Period and up to the Latest Practicable Date, and we were not subject to or involved in any official inquiry, examination, investigation, notice, warning and sanction by regulatory authorities as a result of these incidents during the same period. Our directors are of the view that, while we identified the incidents above, such incidents did not result in any material adverse impact on our business operation, financial conditions, reputation as well as prospects. We have been continuously enhancing our internal control policies and strengthening legal compliance training to our employees, including sales staff, certified lecturers and one-on-one consultants, to prevent misrepresentation and false advertising. The Shanghai Bureau of CSRC, the competent authority responsible for the supervision of the securities investment advisory institutions within its jurisdiction, issued an application reply letter (the “**CRSC Letter**”) on January 4, 2023. According to the CRSC Letter, Shanghai Jiufangyun has not been involved in any administrative punishment and investigations due to any violation of the laws, regulations, policies and normative documents relevant to the national securities supervision and administration since March 1, 2018. Pursuant to the CSRC Letter, our internal compliance records and the independent searches of the public records of the CSRC conducted by our PRC Legal Advisor, we have not been involved in any administrative punishment and investigations conducted by the CSRC or its local offices relating to any unlawful or illegal sales and marketing practice since March 1, 2018 (the date after Shanghai Jiufangyun moved to Shanghai). For the details of the findings of an on-site inspection conducted by the Shanghai Bureau of the CSRC, see “Business – Legal Proceedings and Compliance”.

***Our liabilities related to employee conducts***

Our one-on-one consultants, certified lecturers and sales staff are the employees of us. As advised by our PRC Legal Advisor, an employee's conduct in the performance of work is normally deemed to be a legal person act of the employer.

***Wrong advice and recommendations by one-on-one consultants and certified lecturers:*** according to the Notice of Issuing the Standards of Practice for Securities Investment Advisory Institutions (for Trial Implementation) (《關於發佈“證券投資諮詢機構執業規範(試行)”的通知》), an investment advisory institution and investment advisors, when advising customers on investment or asset allocation, shall warn customers of risks inherent in such investment advisory services, and shall not promise or guarantee investment income to the customer in any manner. In addition, according to the Interim Provisions on the Securities Investment Advisory Business (《證券投資顧問業務暫行規定》), securities investment advisory agencies shall provide a risk disclosure statement to their clients, which shall be signed by clients for confirmation. The content and format of the risk disclosure statement shall be determined by the SAC. Therefore, neither us nor our one-on-one consultants or our certified lecturers have the obligation to ensure the correctness of their advice and recommendations, and have no liabilities as long as the investment advisory business is carried out in accordance with the relevant laws and regulations in an objective, prudent, honest, diligent and responsible attitude.

***Improper sales practice of sales staff:*** we have enforced a strict internal penalty and disciplinary mechanism against employee misconduct. However, we are not risk-free from employee misconduct. If our sales staff engage in inappropriate sales practice, including improper representations, false advertising, promises of investment returns or other severe misconduct, which is in violation of the relevant laws and regulations relating to securities investment advisory business, we could be punished by enforcement agencies. Pursuant to the Interim Measures for the Administration of Securities and Futures Investment Advisory Businesses (《證券、期貨投諮詢管理暫行辦法》), the local securities regulatory authorities may impose us individually or concurrently a warning, confiscation of illegal income, or a fine of more than RMB10,000 but less than RMB50,000. If the circumstances are serious, the local securities regulatory authorities may report to the CSRC and the CSRC will impose a penalty of suspending or revoking the institutions' business qualifications. If a crime is constituted, criminal sanctions will be given. Furthermore, we may be subject to litigations, or suffer serious harm to our reputation, financial condition, customer relationships and ability to attract new customers and even be subject to regulatory sanctions and significant legal liability.

***Compliance culture***

We strive to maintain a robust compliance culture and have created a strong compliance work atmosphere by setting up posters around the office and arranging events such as compliance knowledge competitions from time to time to embed a compliance culture into the everyday workflow of our employees.

### ***Training***

For newly recruited employees, we provide training on compliance during the sales and marketing process and during the delivery of our offerings, and organize relevant examinations to ensure that only employees who have completed our onboarding training and satisfy our eligibility standard can engage in the actual practice of sales and marketing and delivery of our offerings. We also provide regular training for our employees to keep them abreast of the latest laws and regulations in securities and investment advisory practice.

### **Investor Suitability Evaluation Compliance Management**

Under our offerings, the online high-end investor education services and financial information software services are required to be conducted with the Securities Investment Advisory License. Therefore, we require mandatory information disclosure from all customers of these two offerings on certain personal information pursuant to the investor suitability requirement.

### ***Mechanism establishment and enforcement***

We have established a designated group responsible for the monitoring of our investor suitability compliance. The investor suitability management group is responsible for the collection of investor suitability information from our customers and the establishment and update of the investor suitability information database.

### ***Investor suitability review and customer classification***

We strictly review the access requirements for individual customers. For new individual customers intending to subscribe to our services, they must complete the general investor suitability questionnaire prepared by us. Customers will then be assigned a suitable risk acceptance level from class 1 (being the most risk-averse) to class 5 (being the least risk-averse) based on their answers to the questionnaire. Series under our offerings are also classified into five risk levels and customers can only subscribe to the series with the same or lower risk levels than their own assigned suitable risk acceptance levels. Customers who seek to subscribe to our series with higher risk levels must sign a higher risk disclosure statement before any payment can be made. If customers proceed and decide to subscribe to our services, they are required to sign an investment risk disclosure statement along with the service agreements, including the user service agreement and the licensing agreement, before they are allowed to make any payments. For existing customers who wish to make recurring payments, they are required to confirm the information they have previously submitted to our investor suitability questionnaire, otherwise they are required to undergo the investor suitability review process again to update the relevant information and their suitable risk acceptance levels. During the review process, our system will display a warning message on the screen to inform customers that they are responsible for the authenticity, accuracy and completeness of the

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information they submit. After the order has been paid, our customer service center will call the customer to confirm the authenticity of the order and confirm that the customer is aware of the relevant operational risks.

### *Internal control management for investor suitability*

We have implemented strict policies and internal procedures to ensure compliance with the investor suitability requirement. First, we monitor the whole review process from information disclosure and risk warning to suitability matching, and ensure the traceability of all records. Second, the investor suitability review procedure is specifically assigned to our compliance staff, and employees from the sales and marketing department are not allowed to concurrently take on such positions. Third, we have adopted a comprehensive after-sales visit system which requires non-sales employees to return visit customers via email, phone call or letter to reconfirm that the customers are informed of the warnings in the risk disclosure statement, that the customers are aware of the relevant service fees and that there is no misconduct committed by relevant employees in the course of their interactions with customers. Fourth, our compliance department conducts semi-annual self-reviews on investor suitability compliance and issues a compliance report that covers the progress of the investor suitability system establishment, the management of the investor suitability information database, the training and examination records of employees on investor suitability regulations, any issues spotted and applicable rectification methods therefor.

### *Information submission to the relevant regulatory agencies*

We are required to submit the compliance status with investor suitability regulations to the Shanghai Bureau of the CSRC monthly, or promptly if in the course of our operations, any business operation department spots potential issues in violation of the investor suitability requirements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material or systemic non-compliance incidents in relation to investor suitability requirements.

## **EMPLOYEES**

Our human resources department is responsible for recruiting, managing, and training our employees. As of October 31, 2022, we had 2,284 full-time employees, all of whom were based in Shanghai, China.

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The following tables set forth the number of our employees by function as of October 31, 2022:

<b>Employee Function</b>	<b>Number of employees</b>	<b>% of Total</b>
Content Development and Production	366	16.0
Sales and Marketing	811	35.5
Research and Development	480	21.0
Service and Operation	374	16.4
Administration	253	11.1
<b>Total</b>	<b>2,284</b>	<b>100.0</b>

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations.

As of October 31, 2022, 1,077 of our full-time employees across different departments had obtained the qualification for securities practice granted by SAC. An applicant can obtain the securities practitioner qualification by passing the qualification exam for securities practice and registering with the SAC through the securities institution where the applicant works in. Applicants with the securities practitioner qualification can further take the qualification exam for professional securities practices such as securities investment advisory services and obtain respective qualifications. Among our 1,077 employees who had obtained the securities practitioner qualification as of October 31, 2022, 211 employees had further obtained the securities investment advisor qualification. Since September 2018, in accordance with relevant laws and regulations, the SAC strengthened the industry self-regulation mechanism on securities practitioners and securities investment advisory companies and removed the annual and regular review requirement for individuals with the securities practitioner qualification and the securities investment advisor qualification. Instead, the SAC now conducts regular compliance review on securities investment advisory companies and its employees to monitor the compliance status of securities investment advisory companies.

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The following table sets forth the different roles and responsibilities of those of our employees having the securities investment advisor qualification and the securities practitioner qualification, respectively:

<b>Qualification</b>	<b>Positions</b>
The securities investment advisor qualification	<ul style="list-style-type: none"><li>• According to the relevant PRC laws and regulations, any personnel within a securities investment advisory institution providing customers with securities investment advisory services is required to have the securities investment advisor qualification. Specifically, only those holding the securities investment advisor qualification are allowed to provide the following services under our offerings:<ul style="list-style-type: none"><li>o rendering pre-recorded online courses under our online high-end investor education services and financial information software services;</li><li>o providing daily market analysis and after-market summaries through online broadcasting and interaction with customers under our online high-end investor education services and financial information software services; and</li><li>o providing one-on-one advisory services to customers who subscribe to the premium package of our online high-end investor education services or deluxe version of our financial information software services.</li></ul></li><li>• As of October 31, 2022, 211 of our employees holding such qualification served across various departments:<ul style="list-style-type: none"><li>o 150 in the content development and production department</li><li>o 19 in the service and operation department</li><li>o 23 in the sales and marketing department</li><li>o 19 in other departments</li></ul></li></ul>

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<b>Qualification</b>	<b>Positions</b>
The securities practitioner qualification	<ul style="list-style-type: none"><li>• In addition to personnel with the securities investment advisor qualification who shall first obtain the securities practitioner qualification, the securities practitioner qualification is required for certain marketing, customer service, or other business personnel engaged in securities investment advisory business who provide services directly to customers.</li><li>• As of October 31, 2022, 1,077 of our employees held such qualification serve across various departments, including all of our employees who were required to hold such qualification. The marketing, customer service, or other business personnel who are required to hold the securities practitioner qualification are shown as follows:<ul style="list-style-type: none"><li>o 462 in the sales and marketing department (427 out of 811 employees in the sales and marketing department provide services directly to customers and all of such 427 employees held such qualification as of October 31, 2022, and the remaining 384 employees were not required to hold such qualification while 35 employees of them obtained the qualification voluntarily);</li><li>o 268 in the service and operation department (246 out of 374 employees in the service and operation department provide services directly to customers and all of such 246 employees held such qualification as of October 31, 2022, and the remaining 168 employees were not required to hold such qualification while 22 employees of them obtained the qualification voluntarily);</li><li>o 237 in the content development and production department (83 out of 366 employees served as certified lecturers or one-on-one consultants and all of such 83 employees held the securities practitioner qualification, and the remaining 283 employees were not required to hold such qualification while 154 employees of them obtained the qualification voluntarily);</li></ul></li></ul>

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### Qualification

### Positions

- o 100 in the administration department (48 out of 253 employees in the administration department provide services directly to customers and all of such 48 employees held such qualification as of October 31, 2022, and the remaining 205 employees were not required to hold such qualification while 52 employees of them obtained the qualification voluntarily); and
- o ten in the research and development department (none of our employees in the research and development department provide services directly to customers as of October 31, 2022).

Save as described above, there are no qualification requirements for our other employees.

We enter into employment contracts and agreements regarding confidentiality, intellectual property, and non-competition with our executive officers, managers, and employees. The remuneration package for our employees generally includes base salary and bonuses. We determine employee base salary based on factors such as positions, titles, qualifications, and years of experience. Our employees' bonus are primarily subject to our regular internal review, using various indicators for different departments and positions, to better reflect their contribution to our Group. Customers' rate of return or similar measurement on their investment outcome has never been part of our performance review system.

As of October 31, 2022, we had 37 certified lecturers for our online high-end investor education services and 24 certified lecturers for our financial information software services, and among them, 15 certified lecturers were responsible for both online high-end investor education services and financial information software services. As of October 31, 2022, all of our certified lecturers were full-time employees. Key terms of the employment contracts and agreements of our certified lecturers include:

- ***Duration.*** We normally enter into an employment contract with our certified lecturer with a term of three years, which can be renewed or early terminated by mutual agreement.
- ***Salary and payment.*** Salary shall be determined in accordance with our internal system and paid on a monthly basis.
- ***Confidentiality.*** Certified lecturers shall keep our trade secrets known to them strictly confidential during and after their employment.
- ***Intellectual Property.*** The certified lecturers acknowledge and agree that we shall have a complete interest in the intellectual property right arising from any performance of their duties or completed by using our resources.



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Our certified lecturers mainly lecture on our pre-recorded courses and livestreaming broadcasts. We consider various factors for their remuneration and bonus, including the amount of revenue generated, refund rate and performance of the products for which the individual lecturers and their team are responsible. While our certified lecturers do not conduct direct sales activities, they may refer potential customers to our sales staff for further communications. For each series of our online high-end investor education services and each version of the financial information software services, there is a “lead lecturer.” The gross billing of a series or a version will be considered when evaluating the remuneration of the lead lecturer of such series or version, whether or not the customers subscribing to such series were brought or referred by this lecturer. Our certified lecturers also present in the programs on traditional media platforms and other free-of-charge videos and audios delivered through our traffic matrix. Their performances on these channels are considered when determining their remuneration as well.

We consider various factors for the remuneration of our sales staff, including the orders they take within a month, the refund rate of their orders in the past months, customers’ repurchase and renewal, and customers’ evaluation on them. In line with the market practice, sales staff generally have a relatively lower base salary so that they are more incentivized to achieve better performance-based bonus.

### **Social Insurance and Housing Provident Funds**

Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of the average salaries received by each individual employee last year (the “**Actual Salaries**”). Local authorities publish an official range each year on the salaries. If the Actual Salaries of employees is less than the minimum amount of or more than the maximum amount of the official range, the minimum or maximum amount of the official range will be used instead to determine the contribution amount under employee benefit plans. We also purchase supplemental commercial health insurance and accident insurance for our employees.

### ***Failure in Making Contributions of Social Insurance and Housing Provident Fund Based on the National Standard***

During the Track Record Period, we did not pay social insurance and housing provident fund contributions for certain employees based on their Actual Salaries, as required by the PRC laws and regulations but we have made social insurance contribution in full according to the local practices and interpretations of the laws and regulations by the local authorities. We did not pay housing provident fund contribution in full according to the national standard as well prior to July 2021. See “Risk Factors – Risks relating to Our Business and Industry – We were not strictly in compliance with social insurance and housing provident fund regulations.” This was primarily because (i) there are inconsistent interpretation of the relevant laws and regulations by different local authorities which may deviate from the strict implementation of the relevant laws and regulations, and we followed the local practices and interpretations of the laws and regulations by the local authorities; and (ii) certain of our employees were not willing to bear the costs associated with social insurance and housing provident funds strictly in

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proportion to their Actual Salaries but rather receive compensation and benefits in lieu of such relevant contributions. We will continue to comply with local practices and interpretations of the laws and regulations by the local authorities for the contribution of social insurance, and we have started to make housing provident fund contribution in full according to the national standard since July 2021.

In 2019, 2020, 2021 and the ten months ended October 31, 2022, the shortfall of social insurance contributions amounted to RMB10.1 million, RMB11.3 million, RMB38.0 million and RMB40.4 million, respectively, with respect to 505, 1,093, 1,372 and 1,619 employees, representing 3.7%, 1.6%, 2.6% and 2.6% of our revenue for each respective period. The above shortfall increased during the Track Record Period mainly due to our increased number of employees and higher average salary level. In the ten months ended October 31, 2022, we reversed as staff cost the provision made during 2019, 2020 and 2021 for the social insurance contribution, including RMB10.1 million, RMB11.3 million and RMB38.0 million, respectively, as of December 31, 2019, 2020 and 2021. We did not accrue any shortfall amount with respect to our social insurance contribution during the ten months ended October 31, 2022, and did not make any provision in such aspect for the same period. See “Financial Information – Description of Certain Components of Our Consolidated Statements of Financial Position – Accrued Expenses and Other Current Liabilities.” In 2019, 2020, 2021 and the ten months ended October 31, 2022, the shortfall of housing provident fund contributions amounted to RMB0.6 million, RMB2.5 million, RMB1.3 million and nil, respectively, with respect to 403, 916, 696 and nil employees, representing 0.2%, 0.4%, 0.1% and nil of our revenue for each respective period. In 2019, 2020, 2021 and the ten months ended October 31, 2022, the shortfall of total social insurance and housing provident funds amounted to approximately RMB10.7 million, RMB13.7 million, RMB39.2 million and RMB40.4 million, representing 47.2%, 44.2%, 37.7% and 37.3% of the total social insurance and housing provident fund contributions which we were obliged to pay.

### ***General Legal Consequences for Failure to Fully Contribute Social Insurance and Housing Provident Fund when Due***

As advised by our PRC Legal Advisor, if the competent authority is of the view that our contributions to employees’ social insurance or housing provident fund do not comply with the requirements under the relevant PRC laws and regulations, (i) with respect to the social insurance, we may be ordered by the competent authority to pay the relevant amount and may be required to pay a late payment fee of up to 0.05% of our relevant social insurance contribution for each day of delay; if we still fail to pay the relevant amount, we may be imposed fines in an aggregate amount ranging from one to three times of the relevant social insurance contribution; and (ii) with respect to the housing provident funds, the relevant authorities may order us to pay the outstanding amounts within the prescribed time period, and they may apply to a competent court for enforcement of the outstanding amounts if we fail to do so.

Our PRC Legal Advisor is of the view that we are unlikely to be imposed on such penalties by the relevant competent government authorities as we have obtained written confirmations from the competent authorities as disclosed below.

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### *Written Confirmations Issued by the Competent Authorities*

We have obtained written confirmations from the local social insurance authorities confirming that we were in compliance with laws, regulations and policies related to social insurance contribution.

On June 1, 2022 and August 15, 2022, the Human Resources and Social Security Bureau Shanghai Jinshan District (上海市金山區人力資源和社會保障局) and the Human Resources and Social Security Bureau Shanghai Qingpu District (上海市青浦區人力資源和社會保障局), the competent social security administrative authorities of our PRC subsidiaries, issued letters confirming that we were in compliance with laws, regulations and policies related to social insurance contribution from January 1, 2019 to the respective dates of confirmations, namely, June 1, 2022 and August 15, 2022.

In addition, we have obtained the following written confirmations, confirming that there has been no record of administrative penalty against our Subsidiaries in the PRC during the Track Record Period:

(i) *Social Insurance:*

issued by the Credit Shanghai Platform (信用上海平台) (which is the unified platform for public credit information collection and query in Shanghai) with the information provided by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局)

<b>Date of Issuance</b>	<b>Covered Subsidiaries</b>
June 3, 2021	Shanghai Fudong and Shanghai Jiufangyun
June 4, 2021	Shanghai Yingma
September 16, 2021	Shanghai Jiufangyun, Shanghai Yingma, Shanghai Juxinge and Shanghai Shangjie
September 18, 2021	Shanghai Fudong
February 25, 2022	Shanghai Yingma and Shanghai Juxinge
March 1, 2022	Shanghai Fudong and Shanghai Jiufangyun
March 8, 2022	Shanghai Shangjie
July 7, 2022	Shanghai Fudong and Shanghai Jiufangyun
August 16, 2022	Shanghai Yingma, Shanghai Juxinge and Shanghai Shangjie
December 20, 2022	Shanghai Fudong and Shanghai Jiufangyun
December 29, 2022	Shanghai Yingma, Shanghai Juxinge and Shanghai Shangjie

(ii) *Housing Provident Fund*

issued by Shanghai Provident Fund Management Center (上海市公積金管理中心)

<b>Date of Issuance</b>	<b>Covered Subsidiaries</b>
December 28, 2022	Shanghai Fudong, Shanghai Jiufangyun, Shanghai Yingma, Shanghai Juxinge and Shanghai Shangjie

As advised by our PRC Legal Advisor, we are of the view that the government authorities, when issuing the aforesaid confirmations, were fully aware of the situation set out above and the fact that we were making social insurance contributions in line with the local practices and interpretations of the laws and regulations by the local authorities rather than PRC national standard, on the basis that:

- (i) the information on the payment of social insurance and housing provident fund is shared among different government authorities through its internal information sharing platform, including but not limited to the total number of our employees, the salary of our employees, and the amount of contributions, which have been verified and compared by the government authorities against the standard we are required to comply with under local practices and interpretations of laws and regulations with respect to social insurance contributions; and
- (ii) the government authorities which issued the written confirmations are the competent authorities in the respective regulatory regions at which our subsidiaries are located.

As advised by our PRC Legal Advisor, the risk of such written confirmations issued by the competent government authorities being challenged by higher-level authorities is remote, on the basis that:

- (i) the competent government authorities which issued the written confirmations are independent authorities authorized by their higher-level government authorities to regulate the payment by and provide guidance and confirmations to the enterprises under its supervision and administration on social insurance and housing provident funds in their regulatory regions;
- (ii) higher-level government authorities generally will not intervene the management of social insurance and housing provident fund by competent local government authorities;
- (iii) the PRC Legal Advisor was not aware that there had been administrative action initiated by any higher-level government authorities challenging or revoking the decision of local counterpart in relation to the contribution of social insurance and housing provident fund, or any fine or penalty imposed by any higher-level government authorities directly against the local enterprises; and
- (iv) the Company had received no challenge from higher-level government authorities as of the Latest Practicable Date.

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Our PRC Legal Advisor is of the view that the risk of such written confirmations issued by the local competent government authorities being overturned by national authorities is remote, with the basis that:

- (i) pursuant to the Article 7 of the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the social insurance administrative department under the State Council shall be responsible for the social insurance administration throughout the country while the social insurance administrative departments under the local people's governments at and above the county level shall be responsible for the social insurance administration within their respective administrative regions. Therefore, the social insurance administrative department of the local government has the administrative powers conferred by the law to carry out social insurance administration within its administrative area;
- (ii) the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) was promulgated by the Standing Committee of the National Peoples' Congress (全國人民代表大會常務委員會) on October 28, 2010, amended on December 29, 2018. As of the Latest Practicable Date, the local social insurance authorities' administrative powers have not been revoked or adjusted by any laws and administrative regulations; and
- (iii) having conducted searches of the public information, our PRC legal advisor has not found any precedents in which the compliance confirmation made by the local authorities to the enterprises within its administrative area was overturned by the national authority.

Our PRC Legal Advisor is of the view that it is unlikely for the local competent authorities to impose relevant penalties based on national standards retrospectively after the issue of the written confirmations, with the basis that:

- (i) pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and the Levy of Social Insurance Payment (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) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance arrears;
- (ii) on January 22, 2021, the General Meeting of State Council pointed out that the normal collection of statutory taxes should be done properly, and no centralized settlement of historical arrears should be carried out on its own; and
- (iii) during the Track Record Period and up to the Latest Practicable Date, there is no records of penalties imposed on us with regards to the social insurance contributions, nor have we received any notice of underpayment or shortfall of social insurance contributions.

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Where, in extreme cases, the written confirmations from the competent government authorities are overturned and we are required to be made up the shortfall of social insurance contributions, our Controlling Shareholder has undertaken to indemnify us against all claims, actions, losses, damages, costs or expenses suffered or incurred by us in connection with the social insurance contributions required to be made by the competent authorities according to the relevant PRC laws and regulations. Considering that the Controlling Shareholder's undertaking, even if the above-mentioned extremely rare circumstance occurs, the business operation of the Group will not be materially and adversely affected.

### *Analysis on the Relevant Effect and Risk*

Our PRC Legal Advisor is of the view that (i) the above-mentioned shortfall does not constitute a material non-compliance incident; and (ii) the likelihood that we would be ordered to make up the contributions or imposed on material administrative penalties by the relevant competent government authorities due to our failure to pay social insurance and housing provident fund contributions for certain employees based on their Actual Salaries is remote, considering that:

- during the Track Record Period and up to the Latest Practicable Date, no administrative action, fine or penalty had been imposed against the Company by relevant authorities with respect to its under-contribution to employees' social insurance or housing provident fund, nor had the Company received any order to make up for the relevant amount;
- as of the Latest Practicable Date, the Company was not aware of any material employee complaints nor was involved in any material labor disputes with its employees with respect to social insurance and housing provident funds;
- pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (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) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance arrears; and
- the Company had obtained written confirmations from the relevant competent government authorities confirming that we were in compliance with laws, regulations and policies related to social insurance contribution.

Based on the above and as advised by our PRC Legal Advisor, our Directors are of the view and the Sole Sponsor, after conducting independent due diligence, concurs with such view that above-mentioned shortfall would not have any material and adverse effect on our business and results of operations.

### *Remedial Measures*

Since March 2021, we have enhanced our human resources management and internal control policies and our human resources department has taken the following measures to minimize the related risks:

- our human resources department is responsible for regular communication with relevant government agencies to ensure we acquire the most updated information about the relevant laws and regulations, to understand their requirements and interpretation of relevant rules and regulations, and making contributions to social insurance and housing provident fund in accordance with their specific guidance in a timely manner.
- our human resources department is responsible for the formulation and implementation of our social insurance and housing provident fund contributions regime in accordance with laws and regulations, as well as the ongoing administration and implementation of social insurance and housing provident fund contributions.
- our human resources department is responsible for conducting legal compliance training to our employees to increase their awareness of the relevant PRC laws and regulations and encourage their cooperation in making payments for social insurance and housing provident funds, and keeping abreast with the latest development of laws and regulations in relation to social insurance by regularly consulting our PRC Legal Advisor.

Going forward, our human resources department will continue to take the above measures to ensure we are in compliance with the social insurance and housing provident fund registration and contributions requirements under the relevant laws and regulations.

We endeavor to hire the best and most talented employees in the market by offering competitive wages and benefits, systematic training opportunities and internal upward mobility. We also conduct introductory training for new staff and have periodic training for our full-time employees. Furthermore, we offer internal training for our employees in order to acquire different qualification certificates by hiring internal and external lecturers.

For details of the provision we made in relation to social insurance and housing provident fund contributions, please see “Financial Information – Accrued expenses and other current liabilities”.

### INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance. We do not maintain keyman insurance, or insurance policies covering damages to our network infrastructures or information technology systems. During the Track Record Period, we did not make any material insurance claims in relation to our business. See “Risk Factors – Risks relating to Our Business and Industry – Our insurance coverage may be inadequate to cover risks related to our business and operation.”

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE AND INITIATIVES

#### ESG Governance

We acknowledge our responsibilities on environmental protection, social responsibilities and believe that Environmental, Social and Governance (“**ESG**”) is essential to our sustainable development. We expect to fully implement our ESG policy (the “**ESG Policy**”) by the end of 2023, incorporating the following aspects: (i) the appropriate risk governance on ESG matters, including environmental, social and climate-related risks and opportunities; (ii) identification of key stakeholders and the communication channels to engage with them; (iii) ESG governing structure, (iv) ESG strategy formation procedures; (v) ESG risk management and monitoring; and (vi) the mitigating measures. Pursuant to our ESG Policy, our Board has the overall responsibility for reviewing and approving the ESG policies, targets and strategies, overseeing the implementation of our ESG Policy and managing other important ESG matters. Our Board will adopt the following approaches to identify, assess and review material ESG issues.

- *Identify ESG issues.* Our Board will engage key stakeholders, including our major customers and suppliers, management team and employees to identify material ESG issues and risks inherent in our Group’s business operations. Our Board believes that keeping stable communication with stakeholders plays an important role in maintaining our business sustainability.
- *Strategic planning.* Our Board will set up a plan of establishing risk management and internal control systems, which are designed to meet our specific business needs and to minimize our risk exposure.
- *Assess ESG performance.* Apart from assessing the performance of our Group’s ESG measures through discussion with our Group’s stakeholders, our Board will engage professional third parties to identify and assess our performance in respect of environmental protection and climate change.



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- *Review ESG performance.* Our Board will review the progress made against our ESG-related goals to guide our Group to achieve better ESG performance. We will set systematic risk management practices based on our ESG policy to ensure financial and operational functions, compliance control systems, material control, asset management and risk management operate effectively.

### *ESG Committee*

To ensure a better implementation system in place, we expect to set up an ESG committee at the management level that will take effect from the Listing. The primary purpose of the ESG committee is to independently review, on behalf of the Board, management's actions on business operation, and ensure the business of our Group is environmentally and socially sustainable.

### *Membership*

Our ESG committee, which is a sub-committee of the Board, shall be composed of at least three directors of the Board, including at least one member of the audit and remuneration committees. The ESG committee will lead by our CEO and executive Director, Mr. Cai Zi, and members will be selected from our senior management team. The Board shall appoint the chair of the ESG committee. Members shall have appropriate knowledge, skills and expertise to fully understand ESG management and strategy. Members of the ESG committee shall be appointed by the Board on the recommendation of the nomination committee and in consultation with the chair of the ESG committee. Appointments shall be for a period of up to two years which may be extended for up to two additional two-year periods, provided the director still meets the criteria for membership of the ESG committee.

### *Secretary*

The secretary of the Company, or its nominee, shall act as the secretary of the ESG committee and will ensure the ESG committee receiving information and papers in a timely manner to enable full and proper consideration to be given to relevant issues.

### *Voting arrangements*

Each member of the ESG committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the ESG committee. Each member of the ESG committee shall disclose to the ESG committee (i) if any personal financial interest (other than as a shareholder) in any matter to be decided by the ESG committee; or (ii) if a matter that is considered by the ESG committee is one where a member of the ESG committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting. Save where he has a personal interest, the chair of the ESG committee will have a casting vote.

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### *Notice of meetings*

Meetings of the ESG committee shall be held by the secretary of the ESG committee at the request of the chair of ESG committee or any of its members. Unless otherwise agreed, notice of each meeting (confirming the venue, time and date, together with an agenda of items to be discussed) shall be forwarded to each member of the ESG committee, any other person required to attend and all other non-executive directors no later than five working days before the date of the meeting. Supporting papers shall be sent to ESG committee members and to other attendees, as appropriate, at the same time.

### *Engagement with shareholders*

The chair of the ESG committee should attend the annual general meeting to answer any shareholder questions on the ESG committee's activities. In addition, the chair of the ESG committee should seek engagement with shareholders and other relevant stakeholders on significant matters related to the responsibility of the ESG committee.

### *Duties*

The ESG committee will operate under the delegated authority from the Board. It shall carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The duties related to ESG strategy, actions and goals will include the following:

- Advise the Board on the effectiveness of the Company's ESG strategy, clarity of the Company's purpose, the application of its values and its management of environmental and social risks and opportunities;
- Monitor the Company's ESG performance and execution ensuring the Company addresses matters of material impact and is in alignment with accepted sectoral, national and international standards and any other applicable standards from time to time;
- Oversee appropriate objectives for ESG activities and ensure key metrics are monitored and fairly reported;
- Advise the Board on the appropriateness of ESG related policies with consideration of their relevance, effectiveness and alignment with relevant national and international regulations and public expectations, and update relevant policies if necessary;

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- Review current and emerging ESG trends, relevant international standards and legislative requirements; identify how these trends impact the strategy, operations, and reputation of the Company; and determine if and how these trends are incorporated into or reflected in the company's ESG policies and objectives;
- Approve projects developed in response to the ESG strategy; and
- Make recommendations to the Board on any of the matters listed above that the ESG committee considers appropriate.

The environmental duties will include the following:

- Review updates on the Company's progress towards achieving its targets regarding climate change, waste management, circularity and other environmental impacts such as biodiversity, water, and microplastics;
- Review management's approach to climate change management, the quantification and related targets set to achieve value chain decarbonization in line with publicly stated commitments and the Paris Climate Agreement; and
- Review management of nature-based risks and related target setting across the value chain, including management of the impact of materials and sourcing, manufacturing, distribution, and customer use and behavior.

The social duties will include the following:

- Review reports from Internal Audit on the adequacy of testing and controls of the supply chain risk and compliance framework;
- Review updates on the Groups social impact strategy and actions ensuring focus on issues of most material impact and opportunity; and
- Review community investment programs and employee volunteering and charitable giving programs.

The duties related to governance will include the following:

- Review the governance and effectiveness of the integration of environmental and social impact into the Company's operations, policies, practices and product development;
- Consider the application of the values and purpose of the Company in culture and decision making;

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- Consider the ethical conduct of the Company and the effectiveness of the codes of conduct and application of the Company's values and purpose;
- Oversee major internal and external ESG reporting as required, including information included in the annual report and submissions to external indices and benchmarks;
- Review results of external assurance and fit with relevant ESG integrated reporting standards;
- Advise the Board on appropriateness of executive and employee remuneration performance targets;
- Review the results of any reviews or independent audits of the Company's performance in regard to ESG matters and review any strategies and action plans developed by management in response to issues raised; and
- Engage with stakeholders to solicit external perspectives and challenge, using stakeholder opinion and insight to contribute to boardroom decision making.

### **Compliance with Laws and Regulations**

We strictly abide by the Measures for Security Protection Administration of the International Networking of Computer Information Networks under the Order of the Ministry of Public Security of China. We expect not to produce or disseminate the following information through our offerings:

- information that instigates the resistance and disruption against the implementation of constitution, laws and regulations of China;
- information that instigates the subversion of the state political power and overthrow of the socialist system;
- information that instigates the splitting up of the country and sabotages national unity;
- information that instigates hatred and discrimination among nationalities and sabotages solidarity among nationalities;
- information that fabricates or distorts facts, spreads rumors and disrupts social order;
- information that propagates feudalistic superstitions, obscenity, pornography, gambling, violence, murder and terror and instigates crime;

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- information that openly insults others or fabricates facts to slander others;
- information that damages the reputation of state organizations; and
- other information that violates constitution, laws and regulations of China.

### **Potential Climate Risks on Our Business Operation and Financial Results**

Global warming creates a wide range of risks for business operation, from disrupted supply chains to rising insurance costs to labor challenges. We actively identify and monitor environmental, social and climate-related risks and opportunities that may impact our business, strategy and financial performance and evaluate the magnitude of resulting impact over the short, medium and long-term horizon. Since our business does not involve the operation of any physical production facilities, we do not currently have any material liabilities relating to health, work safety and environment, and do not expect that we will incur any material liabilities in this regard which could have any material adverse impact on our business and operating results. As advised by our PRC Legal Advisor, we are not required to obtain any approvals or certificates for the principal business we engaged in that are applicable to environmental laws and regulations in the PRC. Most of the potential physical risk and transition risk can only reflect on our users which may eventually impact our revenue.

#### ***Physical Risks***

In the short term, extreme weather events, such as flooding, icing, rainstorms and snowstorms, may adversely affect our business operation. Our main operation is located in the urban area of Shanghai which may be vulnerable during extreme weather events. Extreme weather may not only affect our employees' commuting and thus impact our normal business operation but can also cost human life even in the metropolitan area.

#### ***How to mitigate physical risk***

As our working teams operate in the urban area of Shanghai, the material physical impact on our operation due to climate change is relatively limited. We are fully aware that unanticipated system failure due to extreme weather may result in chaos. In specific, unanticipated system failure may result in data losing which could impact ongoing relationships with our users. Some of our colleagues will closely monitor the daily observatory prediction and will notify our employees and other personnel promptly with any related measures in case of extreme weather. We expect to set up specific protocols for working under extreme weather to ensure the normal business operation and life safety of our employees by the end of 2023. In addition, we will factor in extreme weather risks when negotiating and entering into contracts with our stakeholders to minimize our economic losses under extreme circumstances.

### *Transition Risks*

Transition risk refers to the medium- and long-term financial risk related to the process of adjustment towards a lower-carbon economy which can be prompted by, for example, changes in climate-related policies and regulations, technological changes, or a change in market sentiment. Our operating costs caused by climate-related policies and regulations in sustainable practice requirements may be increased. For example, we may need to switch to energy-efficient lighting or increase green spaces of our business premises. Increasing obligations on resource consumption may mean increased costs to us for more stringent monitoring of resource consumption. In addition, the production and distribution of our contents may face different transition risks from a legal, market and reputation perspective, which may result in user loss and eventually have an adverse impact on our revenue.

### *How to mitigate transition risks*

While our business operation does not produce pollutants that have direct impacts on our environment, we expect to complete the establishment and implement of a series of measures to facilitate the fulfillment of our commitment to the environment following the latest climate-related policies and regulations by the end of 2023. Specifically, we plan to (i) actively encourage our procurement team to purchase recyclable materials for office, (ii) facilitate the use of electronic documents to reduce the use of paper, (iii) instruct employees to turn off indoor lights, electronic equipment and air conditioning in time after leaving the meeting room and before getting off work, (iv) impose temperature controls for air conditioning, (v) promote the use of online video conference system to avoid unnecessary travels, (vi) set up waste sorting bins in the office, (vii) formulate internal policy addressing foregoing requirements for electricity and paper saving for our employees, and (viii) selectively choose potential third-party server partners with strong commitments in energy conservation and carbon emission reduction. Besides, to prevent some of our contents convey the message of opposing climate change or anti-environment, we expect to arrange specific employees to carefully review our contents before distribution to avoid potential reputation risk before the Listing.

### *Opportunities*

While analyzing the climate risk that we are exposed to, our management concludes that better risk management can unlock greater opportunities. Our offerings could be delivered to the customer located everywhere through the Internet. Extreme weather or pandemic may create unexpected opportunities and extra revenue for our business operation.

### **ESG mission and vision**

Sustainability is gathering global momentum with the rising awareness towards issues related to climate change, human rights and social justice. We recognize the increasing importance of ESG management and has attached great importance to fulfilling our ESG responsibilities and achieving its ESG mission. We are dedicated to strike the perfect balance between business development and ESG achievement.

We endeavor to provide products and services to help our customers exercise sound judgment and make informed decisions. By doing so, we expect to achieve the following goals, which we believe will improve our customers' capabilities in use and management of their funds and ultimately benefit the society as a whole:

- equipping our customers with the knowledge and skills to manage financial resources effectively;
- helping our customers deal with financial anxiety by creating reasonable goals and wisely managing funds;
- improving customers' risk awareness in the investment process and helping them prevent financial risk events, which will foster a healthy financial market; and
- cultivating the sustainable financial literacy to allow investors to choose more sustainable investment products in the market, including those new financial instruments with green features, further driving the economic and social development.

Meanwhile, we are committed to providing a friendly workplace without discrimination, harassment of all kinds and violence, and aim to ensure the following principles:

- empowering employees and unleashing their fullest potential;
- providing equal opportunities for all potential candidates irrespective of their gender, marital status, race, ethnicity, age, and religion;
- making sure employees feel comfortable and safe, and are able to work in an accident-free working environment;
- equipping employees with know-how of the industry, to increase their competency and enhance professionalism; and
- protecting personal data and making sure they are kept confidential.

### **Measures to reduce our environmental footprint**

The environmental impact of our business operation is limited mainly due to our business nature. Nonetheless, we comply with all applicable environmental laws and regulations and continuously try to reduce our environmental footprint. We contribute to a green and paperless society by providing online education services. We also actively encourage our employees to take part in building a green working environment and be responsible for their impacts on the environment, by following the main principles of reducing, reusing and recycling. For example, we require our employees to conduct double-sided printing of documents in office. To make constant improvements, we constantly review our waste and emissions management measures.

### **Concern about Our Scope 3 Emissions**

Emissions from supplier are counted as scope 3 emissions in ESG disclosures. Our suppliers are mainly media and agents of media platforms, content production partners and technology companies, consisting of marketing service providers and technology infrastructure providers. Among them, the energy consumption of technology infrastructure providers may be the largest. As scope 3 emissions tend to be reported voluntarily to avoid double counting, our impact on climate change can be heavily underestimated. To mitigate our impact through our suppliers, the following actions are expected to be taken by the end of 2024:

- Actively research the carbon footprint of our suppliers. When screening new service providers in the future, low carbon will be our top priority criteria;
- Try to calculate the footprint of our suppliers and remind them to manage the footprint; and
- Upgrade our technology infrastructure and Apps to produce less environmental footprint.

### **Significant Impacts of Activities on the Environment**

As we have no production facilities, there is no activity contribute to significant impacts on the environment. The only thing that brings about impacts on the environment is our electricity consumption from our daily operations. We therefore take responsibility for managing the electricity consumption in order to limit the impact on the environment. We also encourage our employees to take an active responsibility towards the environment, by adhering to the principles of saving electricity.



**Social Responsibility**

We are committed to social responsibility and high standards of corporate governance. Our aim is to contribute to the health of financial markets by facilitating sound and informed decision-making by investors.

In order to help investors protect their legitimate rights and interests in investment activities, we have carried out various activities to publicize and explain professional financial knowledge to the general public. In addition to traditional methods such as offline workshops and lectures, we release a series of short videos to explain policies through social media accounts, share insights into rapidly changing market conditions, and help investors identify various new scams and discover opportunities and risks in financial markets.

From May 5 to June 5, 2022, we launched a one-month publicity campaign with the theme of helping investors guard against illegal securities, emphasizing the importance of choosing licensed institutions for investment activities and adhering to rational investment. In addition, we carried out a series of investor education activities on May 15, the National Investor Protection Day, to continuously enhance investors' awareness of protecting their own rights and interests. We further launched our "Jiufangyun Investment Education Base" website in May 2022, which serves to provide investors with professional trainings and services for acquiring financial knowledge, understanding rights and obligations, identifying investment risks, establishing value investment concepts, and enhancing self-protection capabilities. Going forward, we aim to continuously fulfill the responsibilities of professional financial service institutions and promote industry innovation and healthy development.

We are also mindful of the social impacts of our sales and marketing efforts which, even when complying with laws, regulations and our internal policies, may contradict the purpose of our offerings. We provide financial and wealth management knowledge for free as part of our sales and marketing efforts through various channels, including content published on MCN channels, TV programs on mainstream media and our own App and official websites. Meanwhile, we understand that certain of our potential or existing customers may aim to improve their investment results by using our products or offerings, or relying on the market information we provide to make their own investment decisions. Thus, we pay close attention to the information we publish in various media channels and course offerings, and review the content to ensure that the information is true and fair in all material aspects, and fully disclose the relevant investment risks. For example, we attach a disclaimer following the released content, which explicitly indicates that the relevant content is for the viewers' reference and study only, and any investment advice does not constitute an investment basis. Viewers need to make their own decisions at their own risk and loss. We avoid using infomercial or testimonial advertising that primarily appeal to investor sentiment, instead focusing on the methods and strategies we aim to deliver. We alert that there are risks in the market, and that investors need to be cautious. In addition, we ask all customers subscribing to our services to sign an investment risk disclosure statement along with the service agreements before they can make any payments.

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To achieve a balance between our business goal and social responsibility, we standardize the behavior of our employees in the sales and marketing process through a full-cycle compliance mechanism, including guiding rules, employee handbooks, content verification procedures, artificial intelligence compliance systems, and regular training. In addition, we have put in place a three-step preventive measures to ensure that the content and format of activities during the sales and marketing process and during the delivery of our offerings are in line with relevant laws and regulations, including:

- requiring that all employees communicate with customers or potential customers only through our official communication channels to prevent private communications and conceal improper conduct;
- verifying the content to be displayed throughout the marketing process and under our offerings, including promotion materials and content on SmartInvest Apps and websites, textbooks and videos in our pre-recorded online courses and scripts for our livestreaming broadcasts, for the appropriateness and legality of such content; and
- adopting our AI compliance system along with manual review by our compliance staff to monitor compliance of contents presented during live interaction scenarios such as presentations and interactions by our certified lecturers during livestreaming broadcasts, communications by our one-on-one consultants while providing one-on-one advisory services, and communications by other employees with our customers.

For details, see “Business – Risk Management and Internal Control – Compliance Programs Related to Employees’ Qualification and Behavior.”

We require our stakeholders to abide by our terms, which prohibit illegal content, such as provocative or inflammatory languages, full or partial nudity, sexually suggestive language or body movements, abusive language or actions towards other users, spam, scams, acts and threats of violence and information facilitating or promoting illegal transactions or activities, from being created, shared and transmitted through our Apps. We have implemented various measures to ensure the compliance of relevant rules and regulations, including utilizing an automated AI supervising management, maintaining a review and monitor team and keep stable communication with our stakeholders. We determine the imposition of sanctions and require rectification measures based on the nature and frequency of violations.

### **Equal Opportunity**

Our employees are an integral part of our business, and we seek to provide equal opportunities given to employees in respect of recruitment, training and development, job advancement, and compensation and benefits. According to our internal policies, the employees shall not be discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, color, sexual orientation, age, family status, retirement,

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disability, pregnancy or any other discrimination prohibited by applicable laws and regulations. We value cultural diversity at workplace, and recruit employees in a wide range of ages, genders and ethnicities. We comply with all relevant laws and regulations of China including:

- Labor Law
- Labor Contract Law
- Regulations on Paid Annual Leave for Employees
- Law on the Protection of Women’s Rights and Interests
- Special Rules on the Labor Protection of Female Employees

To fulfill our mission and empowers individual investors in navigating through the financial system, we must build an inclusive and equality-oriented product team. Our management team has always been pioneers in celebrating gender equality. We cultivate a diversified work atmosphere beneficial to the career development of our employees. We have also provided multifarious staff welfare initiatives for our female employees such as a staff motivation fund for International Women’s Day. We also extend our gender equality policy to our partnerships with MCNs, where we remain committed to our equality principle and offer a more balanced career path for female KOLs.

### **Development and Training**

We acknowledge the importance of providing opportunities for development and training to our employees. It is not only essential to the career development of our employees but also ensures and improves the quality of our offerings. Our training programs are customized to our business needs, equipping our employees with practical knowledge and skills. See “– Compliance Programs Related to Employees’ Qualification and Behavior – Training” for more details.

### **Compensation and benefits**

The remuneration package for our employees generally includes base salary and bonuses. We determine employee base salary based on factors such as titles, qualifications and experience. The bonus is primarily subject to our regular internal review. We also provide our employees with paid time off, including public holidays, marital leaves, maternity leaves, compassionate leaves and annual leaves according to labor laws and regulations. Employees who meet certain criteria will have their salary raised.

### **Prevention of Corruption and Fraudulent Activities**

We have implemented an anti-fraud and corruption policy to safeguard against any corruption, fraud, and bribery within our company. We require our employees to conduct business legally and ethically. We make our internal reporting channel available for our employees to report any fraudulent activities and corruption acts during our business operation, and encourage our employees to report through our reward mechanism. Any reported incidents will be investigated and appropriate steps, including legal actions, will be taken.

### **Our ESG Policy**

We believe that our future growth is based on the integration of social values into our business. We are committed to working on the environmental, health and safety, employment, supply chain and community issues that our operations affect, and to working with our stakeholders to promote sustainable development in the industry in which we operate. We undertake all reasonable efforts to ensure compliance with all applicable national and local safety, health, labor and environmental obligations.

We endeavor to apply all the following measures as part of our environmental policies by the end of 2023:

- continuously improve our resource management by designing and implementing effective and measurable energy management measures;
- promote recycling scheme, seek alternative ways of disposing of and reducing waste in environment ways;
- re-use materials whenever possible;
- utilizing natural resources and energy efficiently;
- consider environmental friendliness and energy efficiency of any item to be purchased;
- strictly comply with and fully implement all relevant environmental laws and regulations;
- address environmental concerns and incorporate environmental initiatives into marketing planning; and
- review and seek continual improvement on the implementation of environmental management.

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We will implement the following measures as part of our social policies by the end of 2023:

- equal opportunity applies to all aspects of employment, including gender, race, nationality, marital status, disability, religious belief, sexual orientation or any other characteristic protected under the law;
- encourage our employees to constantly improve their skills and abilities and develop competencies through the taking up of both internal and external training programmes. Training needs for improvement on existing skills will be regularly identified through performance appraisals;
- promotional and job opportunities are offered to existing employees and suitable candidates, and selection is based on assessment of work performance of all individuals on merit, qualifications and abilities, and suitability for the position;
- protect and respect intellectual property;
- all employees are prohibited from offering or providing corrupt payments and other advantages to or accepting the same from private persons and entities;
- all employees are prohibited from giving, promising, offering, or authorizing payment of anything of value to any government official to obtain or retain business, to secure some other improper advantage, or to improperly influence a government official's actions; and
- establish special fund to provide patients, front-line medical workers and volunteers with our support.

### *Environmental Performance*

We are committed to the coexistence of corporate values and environmental protection. We promptly promote the green management philosophy and spread the concept of green development. Our leased office building in Shanghai obtained the certificate of green building design label in April 2021, and fulfilled the requirements of the LEED rating system certification established by the United States Green Building Council and verified by Green Business Certification Inc. in September 2022. We believe that our business operation did not have any significant impact on the environment and natural resources during the Track Record Period. The following tables set forth our electricity consumption in 2019, 2020, 2021 and for the ten months ended October 31, 2022:

	<b>For the year ended December 31,</b>			<b>For</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>ten months</b>
				<b>ended</b>
				<b>October 31,</b>
				<b>2022</b>
Electricity consumption (KWh)	235,256	585,127	1,071,118	1,122,224

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For the ten months ended October 31, 2022, our offices in Shanghai with a total of 2,284 employees used 1,122,224 kilowatt-hour of electricity, which accounted for 416 tons of carbon equivalent emission. The emission intensity of our use of electricity was 269 kilograms of carbon equivalent per RMB1.0 million in revenue.

### *Targets*

<u>Strategies</u>	<u>Approaches</u>	<u>Targets for the next five years</u>
Electricity consumption reduction	Reduce electricity consumption by improving energy saving in our operation	Reduce the electricity consumption by 5% of our current consumption
Carbon emission reduction	Reduce electricity consumption by improving energy efficiency in our operation	Reduce the intensity of carbon emission by 5% of our current discharge (416 of carbon equivalent emission for the ten months ended October 31, 2022)

### *Plans and Measures to Achieve the Reduction*

We will further reduce the electricity consumption in the foreseeable future through various workspace policies and measures. We expect to continue to promote the green and low-carbon office working model by implementing green environment concepts, vigorously promoting online offices and implementing the transformation to an intelligent operational model. Meanwhile, we are also committed to increasing environmental protection and energy-saving design in our offices.

In addition, we will implement the plan of carbon emission reduction by the end of 2023:

- Establishing policy for energy saving and assigning supporting team;
- Replacing energy-intensive lighting such as high bay light, and fluorescent lamps with high luminous efficacy light set such as LED lights at printing plants;
- Arranging security team to turn off lights according to set schedule and requiring all employees to turn off their computers before leaving offices;
- Installing thermostat for all air conditioning for smarter control of room temperature and better efficient use of energy in all premises wherever possible; and
- Reminding employees of energy-saving labels for turning off lights and air conditioners before leaving work. These labels are provided in major corridors and rooms throughout the offices.

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With the above measure, we expect to achieve a more than 5% reduction of electricity consumption and carbon emission in the coming five years.

Following the commitment to a carbon-peak in 2030 and carbon-neutral in 2060 by the PRC government, we foresee that offices in Shanghai will have the choice to purchase fully renewable energy at a higher price latest by 2030 to 2040. We will undoubtedly be ahead of the commitment of the PRC government to purchase 100% renewable energy when available to achieve carbon-neutral before 2050.

### PROPERTIES

As of the Latest Practicable Date, we did not have any owned properties.

As of the Latest Practicable Date, we leased fifteen properties in China with a total gross floor area of approximately 32,333.95 square meters. Our leased properties are in China and mainly for office use. During the Track Record Period and up to the Latest Practicable Date, we did not experience any dispute arising out of our leased properties.

As of the Latest Practicable Date, nine of our leased properties were subject to mortgage, with a total gross floor area of approximately 32,030.53 square meters. According to our PRC Legal Advisor, underlying mortgage of our leased properties does not affect the validity of the relevant lease agreement. However, in the event that the mortgage is enforced, the lease agreement does not bind the mortgagee and we might be required to evacuate from such property. We believe that in the event that the mortgagee or other third parties challenge our use of such leased properties and we are required to relocate to a new place, we can find suitable alternative properties within the same region, without imposing any material adverse effect on our business, financial condition and results of operations.

As of the Latest Practicable Date, all of our lease agreements have not yet been registered with the local housing authority in accordance with the PRC laws and regulations. This is mainly due to the lack of cooperation from the owners in registering relevant lease agreements, which is out of our control. According to our PRC Legal Advisor, if we and the landlords fail to register such lease agreements as required by the relevant competent authorities within a prescribed period, we and the landlords may be subject to a penalty of RMB1,000 to RMB10,000 per agreement due to the failure to register. The estimated total penalty for our failure to register the fifteen lease agreements is approximately RMB15,000 to RMB150,000, with RMB150,000 being the estimated total maximum penalty. However, our PRC Legal Advisor has also advised us that the failure to register the lease agreement does not affect the validity of the relevant lease agreement. During the Track Record Period and up to the Latest Practicable Date, we have not received any notice from any regulatory authority regarding potential administrative penalties resulting from our failure to register the aforementioned lease agreements. Our Directors are of the view that such non-registration would not have a material adverse effect on our business operations.

### LEGAL PROCEEDINGS AND COMPLIANCE

For a summary of the relevant PRC laws and regulations which our business operations are subject to, see “Regulatory Overview.”

As we hold the Securities Investment Advisory License, we are subject to routine inspection from the CSRC. In 2019 and 2020, the CSRC conducted on-site inspection on us and switched to remote inspection in September 2021 due to COVID-19 influence. The following materials were required to be examined for these inspections:

- basic information and internal control systems and records;
- financial management and accounting information (such as bank account list, balance sheet, employee social security payment receipts, etc.);
- record of investor suitability evaluation (customer list dated one day before the inspection day, including information on: customer name, agreement signing time, product and service type, service period, contract-specific information such as sales staff, certified lecturers and one-on-one consultants, refund records (if any), etc.);
- sample documents such as securities investment advisory service agreements, investor suitability evaluation materials, and risk disclosure statements; and
- samples of operation records, such as conversation recordings and screenshots of chat records with customers throughout official communication platforms.

Onsite inspections normally last for two business days. During on-site inspections, CSRC also conducts face-to-face interviews with senior management team regarding materials provided. For remote inspections, the copies of the above materials shall be delivered to CSRC. We have adopted internal control measures to ensure its compliance to CSRC regulations. See “– Risk Management and Internal Control.”

Specifically, in April 2019, the Shanghai Bureau of the CSRC completed an on-site inspection on us and issued an announcement letter which identified five issues in our operations, including: (i) lack of disclosure and insufficient customer identification in our risk disclosure statement and service agreement, (ii) inadequate disclosure of the source of basis of investment advice, (iii) improper collection of securities investment advisory service fee using third-party accounts, (iv) misleading publicity by certain of our employees, and (v) insufficient measures to ensure record traceability. As advised by our PRC Legal Advisor, such decision does not constitute administrative penalties.

The third of the five issues above refers to the collection of subscription fees by Shanghai Qijian for services sold through its platform. During the initial phase (from July 2018 to February 2019) of our establishment, to broaden our reach to potential customers, we sold certain online high-end investor education services through the official websites of Shanghai



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Jiufangyun and Shanghai Qijian, both of which were controlled by Yintech Holdings prior to the Reorganization. During such period, customers who purchased such online high-end investor education services through the official websites of Shanghai Qijian, were required to enter into a tri-party service subscription agreement with Shanghai Jiufangyun and Shanghai Qijian. Pursuant to this agreement, Shanghai Qijian (i) collected service fees from customers on behalf of Shanghai Jiufangyun, (ii) was entitled to 10% of the service fees collected as platform service fees, and (iii) shall transfer to Shanghai Jiufangyun the remaining 90% of the service fees. From July 2018 to February 2019, the total gross billing collected by Shanghai Qijian under the above-mentioned arrangement amounted to approximately RMB8.3 million. For the details of our relationship with Shanghai Qijian, please see “History, reorganization and corporate structure”. Since February 2019, we have ceased such arrangement and customers have been required to enter into a service subscription agreement with Shanghai Jiufangyun and pay all service fees directly to Shanghai Jiufangyun through third-party payment channels such as China UnionPay. We have updated such rectification status to the Shanghai Bureau of the CSRC and such issue is identified as “cleared” on the electronic document system of the Shanghai Bureau of the CSRC. We have not been subject to any regulatory inspections or administrative penalties with regard to this matter during the Track Record Period and up to the Latest Practicable Date.

In May 2019, we implemented rectification measures, including but not limited to enhancing disclosure and customer identification by installing a mandatory investor suitability information disclosure mechanism and IP address collection system, establishing independent payment channels such as China UnionPay, increasing investment in professional financial research platforms, conducting a comprehensive return visit, and strengthening the compliance system in our computer and cellphone portals, and submitted a rectification report to the Shanghai Bureau of the CSRC. Upon submission, the status of the submission on the CSRC’s official file delivery system was shown as “uploaded”, which was then updated as “completed”, indicating that the authority has reviewed and accepted our rectification report.

Since the establishment of the Group (the completion of the acquisition of Shanghai Jiufangyun) and up to the Latest Practicable Date, except for the on-site reviews and off-site monitoring conducted by the CSRC and its local counterparts, we did not receive any other inquiry, examination, investigation, notice, warning, or sanctions, administrative penalties or penalties other than administrative penalties from, or being interviewed/summoned to meeting(s) by, any regulatory authorities (including but not limited to the CSRC and its local counterparts) in relation to our business operation (including Fumeng Cooperation, the entrustment of Shenzhen Huatian and our current business operation without the ICP license, which are in compliance with the applicable PRC laws, rules and regulations as advised by our PRC Legal Advisor) in all material respects. We also did not receive any other findings, feedbacks or recommendations by CSRC and its local counterparts during its annual inspection except for the findings listed above.

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The Shanghai Bureau of the CSRC, the competent authority responsible for the supervision of the securities investment advisory institutions within its jurisdiction, issued a CSRC Letter on January 4, 2023. According to the CRSC Letter, Shanghai Jiufangyun has not been involved in any administrative punishment and investigations due to any violation of laws, regulations, policies and normative documents relevant to the national securities supervision and administration since March 1, 2018 (the date after Shanghai Jiufangyun moved to Shanghai), such as failure to obtain qualification certificates, failure to complete necessary administrative procedures for changes such as change of business scope, change in registered capital, appointment or replacement of directors, or illegal activities in daily operations.

During the Track Record Period and up to the Latest Practicable Date, there were no administrative orders or sanctions issued against us for non-compliance with applicable PRC regulations.

Although there are no laws and regulations that expressly require the securities investment advisory institutions to establish anti-money laundering policies, to improve our internal control effectiveness and raise the awareness of our staff to comply with relevant laws and regulations, we have formulated a set of anti-money laundering related internal control policies with reference to such standards applicable to financial institutions. During the Track Record Period and up to the Latest Practicable Date, we have not received any written or oral notice or any sanctions due to the violation of the laws and regulations relating to anti-money laundering and we have not identified any suspicious transactions or unusual transactions of significant amounts as prescribed under our anti-money laundering policies and the relevant regulations published by the PBOC.

During the Track Record Period and up to the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material or systemic non-compliance incidents which, we believe, taken as a whole, would likely to have a material adverse effect on our business or financial position.

### **Recent Development on Regulations**

#### ***Regulatory Changes on Data and Cyber Security***

Pursuant to the Measures for Cybersecurity Review (2020) (《網絡安全審查辦法(2020)》) promulgated by the CAC and certain other PRC regulatory authorities in April 2020, which took effect in June 2020, critical information infrastructure operators must pass a cybersecurity review when purchasing network products and services that affect or may affect national security. On December 28, 2021, the CAC, jointly with the other 12 governmental authorities, promulgated the Measures for Cybersecurity Review (2021) (《網絡安全審查辦法(2021)》) (the “MCR”), which became effective on February 15, 2022. According to the MCR, (i) the purchase of cyber products and services by CII, and the data processing activities by

an online platform operator, to the extent that affects or may affect national security, will be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) an online platform operator who handles personal information of more than one million individual users shall apply for a cybersecurity review before listing of the operator's securities in a foreign country (國外上市); and (iii) the relevant governmental authorities may initiate a cybersecurity review if such governmental authorities believe that a network product or service or data processing activity affect or may affect national security.

The Data Security Law was promulgated by the SCNPC on June 10, 2021, and became effective on September 1, 2021. The Data Security Law sets forth the regulatory framework and the responsibilities of the relevant governmental authorities in regulating data security. It provides that the central government shall establish a central data security work liaison system, which shall coordinate the relevant authorities covering different industries to formulate the catalogs of key data, and the special measures that shall be taken to protect the security of the key data. In addition, the Data Security Law provides that important data processors shall appoint a data security officer and a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities. Violation of Data Security Law may subject the relevant entities or individuals to warning, fines, business suspension, revocation of permits or business licenses, or even criminal liabilities. On November 14, 2021, the Regulations on the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿) (the “**Draft Cyber Data Security Regulations**”) was promulgated by the CAC for public comments until December 13, 2021, and as of the Latest Practicable Date, it has not been formally adopted. Article 13 of the Draft Cyber Data Security Regulation requires data processors that carry out the following activities to apply for the cybersecurity review procedures in accordance with the relevant laws and regulations: (i) merger, reorganization or division of internet platform operators that have gathered a large number of data resources related to national security, economic development and public interests that affect or may affect national security; (ii) seeking of listing in foreign countries by data processors who process the personal information of at least one million individual users; (iii) listing of the data processor in Hong Kong which affects or may affect the national security; and (iv) other data processing activities that affect or may affect national security. In addition to the cybersecurity review procedures mentioned above, the Draft Cyber Data Security Regulations also specify the principles for data processors to carry out data processing activities, relevant measures to be taken and mechanisms to be established.

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As advised by our PRC Legal Advisor, we believe that the MCR and the Draft Cyber Data Security Regulations should not have a material adverse impact on our business operations or our proposed listing in Hong Kong on the following basis:

1. With respect to CIIO, according to the Regulations on the Security Protection of the Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), competent authorities as well as the supervision and administrative authorities of the specific important industries and sectors are responsible for the security protection of CIIOs (the “**Protection Authorities**”). The Protection Authorities shall formulate the recognition rules for the critical information infrastructure, and shall, according to such recognition rules, be responsible for organizing the recognition of the critical information infrastructure in the industry or field concerned, and informing the relevant operators of the recognition results in a timely manner. As of the Latest Practicable Date, we had not received any notice from any Protection Authorities that identifies us as a CIIO, and therefore, as advised by our PRC Legal Advisor, the obligation of the critical information infrastructure operator to conduct cybersecurity review as mentioned in the MCR does not apply to us as of the Latest Practicable Date.
2. With respect to circumstances that affect or may affect national security, Article 10 of the MCR specifies the national security risk factors to be assessed in the cybersecurity review. Although we are not required to voluntarily initiate the application for cybersecurity review pursuant to Article 7 of the MCR, we still assess the following factors prudently, which may be deemed as falling under the circumstances that affect or may affect national security: (i) the risk that the use of products and services could bring about the illegal control of, interference with, or destruction of Critical Information Infrastructure (the “**CII**”); (ii) the harm to CII business continuity on occurrence of such product and service supply disruptions; (iii) the security, openness, transparency, and diversity of sources of products and services, the reliability of supply channels, as well as the risk of supply disruptions due to political, diplomatic, and trade factors; (iv) product and service providers’ compliance status with Chinese laws, regulations, and department rules; (v) the risk that core data, important data or large amount of personal information being stolen, leaked, damaged, illegally used or illegally exported; (vi) the risk of CII, core data, important data, or large amount of personal information being affected, controlled, or maliciously used by foreign governments, as well as the risk of network information security, if a company goes public; and (vii) other factors that could harm CII security, cybersecurity and data security. As advised by our PRC Legal Advisor, due to the lack of further clarifications or detailed rules and regulations, the interpretation and applicability of “other factors that could harm CII security, cybersecurity and data security” remains uncertain and subject to further clarification by the CAC or relevant regulatory authorities, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these

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measures and regulations, therefore, we cannot preclude the possibility that this scenario may apply. There are uncertainties on how to determine whether a proposed listing by a company like us in Hong Kong affects or may affect national security or not.

However, as advised by our PRC Legal Advisor, we believe our proposed listing in Hong Kong should not give rise to the above risk associate with such national security review, for the following reasons:

- (1) On April 25, 2022 and February 2, 2023, our PRC Legal Advisor and the Sponsor's PRC Legal Advisor made a telephone consultation with the CCRC (the "**CCRC Consultation**"), which is delegated by the CAC to accept applications for cybersecurity review. After being introduced about the Group's identity, current business, and proposed IPO venue, the staff of the CCRC confirmed that the term "listing abroad (國外上市)" under the MCR exempts listing in Hong Kong from the mandatory obligation of ex-ante declaration of cybersecurity review and we currently do not need to apply for cybersecurity review for our proposed listing in Hong Kong.
  - (2) Scenarios (i)-(iv) of Article 10 of the MCR mainly focuses on security risks associated with CIIOs in purchasing specific network products and services, which are not applicable to us since we had not received any notice from any Protection Authorities that identify us as a CIIO as of the Latest Practicable Date.
  - (3) We are of the view that it is not likely to trigger scenarios (v)-(vi), on the basis that: (i) the user data collected by us within the territory of mainland China as part of our business operations has been stored within the territory of mainland China; (ii) during the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data or personal information leakage or loss, infringement of data or personal information, or information security incident, nor have we received any inquiry, notice, warning, or sanctions in respect of any such recently promulgated laws, regulations or policies relating to data and cyber security and (iii) we have set up appropriate technical and organizational measures and will continually make great effort to prevent the related risks that may trigger scenarios (v)-(vi).
3. Further to the confirmation received during the CCRC Consultation as set out in 1 above that the Company is not required to apply for the cybersecurity review as listing in Hong Kong does not fall within the scope of "listing in a foreign country", Article 13 of the Draft Cyber Data Security Regulations, which have not come into effect yet, expressly distinguish between "listing in Hong Kong" and "listing in foreign countries". Therefore, as advised by our PRC Legal Advisor, based on their

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understanding of current laws and regulations, although we possess more than one million users' personal information, we do not need to initiate the application for cybersecurity review pursuant to Article 7 of the MCR.

4. We have taken appropriate and necessary measures, policies and procedures that include legal controls involved in our cybersecurity, data and personal information risk management processes, such as documentation requirements, access control, security, and emergency response mechanism and preventive measures. See “Business – Risk management and internal control”
5. As of the Latest Practicable Date, the Draft Cyber Data Security Regulations has not been formally adopted and it also remains uncertain whether the future regulatory changes would impose additional restrictions on companies like us. Although, we cannot predict the impact of the Draft Cyber Data Security Regulations, if any, at this stage, we will maintain ongoing communication with relevant authorities regarding the latest development and requirements of new regulations and timely implement necessary measures with the assistance of our onshore and offshore counsel teams.

Based on the foregoing analysis, and the advice of our PRC Legal Advisor, our Directors are of the view that (i) the MCR and the Draft Cyber Data Security Regulations (if implemented in its current form), would not have a material adverse impact on our business operations or our proposed listing in Hong Kong, and (ii) the Directors do not foresee any material impediments for us to comply with the MCR and the Draft Cyber Data Security Regulations in all material aspects.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Cross-Border Data Transfer (《數據出境安全評估辦法》, the “**Data Cross Border Measures**”), which took effect on September 1, 2022. These measures require a domestic data processor providing data overseas which falls under any of the following circumstances to apply for security assessment of cross-border data transfer with the national cybersecurity authority through its local counterpart: (i) where the data processor intends to provide important data overseas; (ii) where a critical information infrastructure operator or a data processor who has processed personal information of more than 1,000,000 individuals intends to provide personal information overseas; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients accumulatively since January 1 of the last year intends to provide personal information overseas; and (iv) other circumstances where security assessment of data cross-border transfer is required as prescribed by the CAC.

Our apps are produced, developed and operated in the PRC only, which means (i) all of the collection and processing activities of data and personal information during our business operation have taken place in the PRC, (ii) we only use servers within the PRC to store data, (iii) we rely on Apple's App store and other major PRC-based Android App stores to distribute

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our apps within the PRC and users can only download the apps within the PRC. The most likely and only legally viable situation where our apps may be accessible outside the PRC is if our domestic user who has already downloaded our apps within the PRC uses the same app abroad.

As advised by our PRC Legal Advisor, based on the above and their understanding of the Data Cross-border Measures, the requirement for cross-border data transfer security assessment is not applicable to us, because (i) the individual user determines by itself whether or not to allow overseas access to its own data through his registered account; and therefore we are not offering domestic data overseas out of our own initiative, (ii) the display and disclosure of the relevant information is only for personal use of information by domestic users rather than for collecting, transferring and using such personal information abroad to other foreign individuals or entities, (iii) to the extent that certain data is originated from his use of our apps outside the PRC, such data is not produced and collected within the PRC, and (iv) the amount of personal information transferred for the user's access to its own account is rather minimal.

Furthermore, through the public search conducted by our PRC Legal Advisor, the data we process has not yet been included into any effective catalog of important or core data published by any governmental authority as such data is subject to the security assessment when transferred overseas under the Data Cross Border Measures.

Based on the above, our PRC Legal Advisor is of the view that as of the date of this prospectus, there has not been any data transfer overseas conducted by the Group which may potentially breach the Data Cross Border Measures. However, our PRC Legal Advisor further advises that the interpretation and application of the Data Cross Border Measures is still uncertain and evolving, so there can be no assurance that the PRC regulatory authorities will not take a view that is contrary to, or otherwise different from, the abovementioned understanding in the future. We will maintain ongoing communication with government authorities and keep ourselves abreast of the latest development of regulations and timely implement necessary measures when required.

### *Regulatory Developments on Overseas Listing*

On February 17, 2023, the CSRC published the new regulations for the filing-based administration of overseas securities offering and listing by domestic companies, which will come into effect on March 31, 2023. The newly released set of regulations consists of 6 documents, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Overseas Listing Measures**”) and 5 supporting guidelines, along with the Notice of the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) (the “**Filing Arrangements Notice**”). The Trial Overseas Listing Measures require, among others, that PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted. However, pursuant to the

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Filing Arrangements Notice, in case where the application submitted by a domestic company for indirect overseas securities offering and listing has acquired the approval of relevant overseas regulators or stock exchanges (i.e. passing the hearing of the Listing Committee of The Stock Exchange of Hong Kong Limited) which is not required to be reacquired and the overseas securities offering and listing could complete before September 30, 2023, such applicants, which are called as “the stock enterprises (存量企業)”, do not required to apply for the filing immediately until subsequent filing such as refinancing shall be completed as required. Whose as of the Latest Practicable Date, the Trial Overseas Listing Measures have not yet come into force.

After consultation with our PRC Legal Advisor, our Directors are of the view that the Trial Overseas Listing Measure will not have material adverse impact on our business operations or our proposed listing in Hong Kong based on the following reasons:

1. The responsible person of the CSRC stated in a press conference that the purpose of the Trial Overseas Listing Measure is to “improve the supervisory and regulatory institution for overseas listing of enterprises, not to tighten the regulatory policies for overseas listing” and “to support enterprises to use overseas capital markets for financing and development in accordance with laws and regulations.”

As advised by our PRC Legal Advisor, as of the date of this prospectus, as a stock enterprise, we are not required to perform the relevant filing procedures for our proposed listing in Hong Kong.

2. We may be required to complete the filing procedures with the CSRC in connection with the refinancing, however, we do not foresee any material impediments for us to complete such filing procedures as required based on the following reasons:
  - (1) as advised by our PRC Legal Advisor, the Company does not fall within any of the circumstances clearly described and specified in Article 8 of Trial Overseas Listing Measures in which overseas issuance and listing are prohibited; and
  - (2) the Company has taken comprehensive measures to ensure its compliance with the relevant laws and regulations and will continue to pay close attention to the legislative and regulatory developments in respect of overseas listing of domestic enterprises, comply with the specific regulatory requirements and perform the filing procedures or information reporting procedures in accordance with the requirements of the Trial Overseas Listing Measures where applicable to our Company, with the assistance of our Company’s onshore and offshore counsel teams and internal control consultants.



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### LICENSES, PERMITS AND APPROVALS

We have obtained a Securities Investment Advisory License issued by CSRC, for which no expiration date is specified. Except for the Securities Investment Advisory License, there are no other material licenses, permits or approvals that are necessary for the purpose of our operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we have duly obtained and maintained all material licenses, permits and certificates required by PRC laws and regulations for our operations, and such licenses, permits and certificates have remained in full effect. Our PRC Legal Advisor has advised us that there is no material legal impediment to renewing our licenses, permits and certificates required for our operations.

### AWARDS AND RECOGNITIONS

During the Track Record Period, we have received various recognitions for the quality and popularity of our offerings and services. Some of the significant awards and recognition we have received are set forth below.

<b>Award/Recognition</b>	<b>Award year</b>	<b>Awarding Institution/Authority</b>
Best Collaboration Institution of the Year	2021	Kuashou
Best Technology-Driven Performance in the Finance Industry	2021	Tencent
Annual Securities Investment Consulting Partner	2021	Baidu
Best Innovative Sales and Marketing Partner	2021	360
Annual Finance Innovation Value Award	2021	Cailianshe.com.cn (財聯社)
Annual Outstanding ESG Case (Society)	2021	Cailianshe.com.cn
Excellent Collaborator of the Year	2021	SMG (上海文化廣播 影視集團有限公司)
Most Influential Financial Service Platform	2020, 2021	CBN
Annual Social Responsibility Partner	2020	Hubei Satellite TV
Annual Financial Technology Outstanding Case	2020	Cailianshe.com.cn
Best Selling and Marking Award of Investment Organization	2020	Baidu
Leading Comprehensive Service Provider of Financial Technology	2020	Securities Daily (證券日報)
Best Sales and Marketing Award of Investment Industry	2019	Baidu
Best Sales and Marketing Partner	2019	360
Innovative Collaborator of the Year	2019	SMG

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OVERVIEW

As of the Latest Practicable Date, our Controlling Shareholders held approximately 73.85% of the issued share capital of our Company, collectively. Immediately following the completion of the Capitalization Issue and the Global Offering, the Controlling Shareholders will collectively hold approximately 64.39% of our enlarged issued share capital, assuming the Over-allotment Option is not exercised. Accordingly, they will continue to be the controlling shareholders (as defined under the Listing Rules) of our Company after the completion of the Capitalization Issue and the Global Offering.

On August 20, 2021, Mr. Chen Wenbin, Mr. Yan Ming and Ms. CHEN NINGFENG entered into the Concert Party Confirmation to formalize and confirm that they have been parties acting in concert in exercising shareholders' rights of our Group since January 1, 2018 and that they will continue to act in concert until the earlier of, (1) the day when any of Mr. Chen Wenbin, Mr. Yan Ming and Ms. CHEN NINGFENG ceases to have any direct or indirect interests in our Company; (2) when all of Mr. Chen Wenbin, Mr. Yan Ming and Ms. CHEN NINGFENG agree in writing to terminate the acting-in-concert arrangement; or (3) our Company passes a resolution or a binding decree is made by a court to wind up or dissolve our Company.

### BUSINESS DELINEATION

Yintech Holdings, a company controlled by our Controlling Shareholders as to 78.72% in aggregate, is a leading provider of comprehensive investment and trading services which serves customers by utilizing a financial technology and mobile platform. Specifically, Yintech Holdings principally focuses on providing securities services, including commodities brokerage, futures brokerage, overseas securities and futures trading services, and asset management services, but excluding securities advisory and information services carried out by our Group. Yintech Holdings recorded revenue of approximately RMB1,282.1 million for the year ended December 31, 2021. Set out below are further information on the principal business of Yintech Holdings as of the Latest Practicable Date:

- Commodities brokerage – Yintech Holdings cooperates with licensed financial entities to provide brokerage services for individual customers to carry out commodities trading transactions (primarily gold) on the Shanghai Gold Exchange.
- Futures brokerage – Yintech Holdings cooperates with domestic licensed entities by attracting individual customers to participate in commodity futures transactions and receiving trading commissions.
- Overseas securities and futures brokerage – Yintech Holdings currently holds the entire equity interest in Forthright Securities Company Limited, a securities brokerage company and a licensed corporation with Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) licenses under the SFO.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- Asset management – Yintech Holdings controls (i) Forthright Capital Management Limited, an asset management company with no substantial business and asset as of the Latest Practicable Date, and (ii) C. Fund (純達基金), a PRC-based fund company with assets under management of approximately RMB2,354 million.

As our Group is not principally engaged in provision of trading services and Yintech Holdings does not provide securities advisory and information services carried out by our Group, our Directors are of the view that there is a clear delineation between the respective businesses of our Group and Yintech Holdings.

### CONFIRMATION OF DIRECTORS

Our Directors, including Mr. Chen Wenbin, Mr. Yan Ming and Ms. CHEN NINGFENG who are among our Controlling Shareholders, have confirmed that they are not interested in any business, apart from our Company's business, which competes or is likely to compete, either directly or indirectly, with our Company's business under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the Listing without unduly relying upon them, taking into consideration the factors below.

#### Management Independence

We are able to carry on our business independently from the Controlling Shareholders and their close associates from a management perspective. The table below sets forth the details of the directorships and/or roles in our Group and the Controlling Shareholders and their close associates as of the Latest Practicable Date<sup>(1)</sup>.

<b>Name</b>	<b>Position in our Group</b>	<b>Position with the Controlling Shareholders and their close associates</b>
<i>Our Directors</i>		
Mr. CHEN Wenbin	Non-executive Director and chairman of our Board	Chairman, chief executive officer and director of Yintech Holdings, and director of Yinke Holdings
Mr. YAN Ming	Non-executive Director	Director of Yinke Holdings
Ms. CHEN NINGFENG	Non-executive Director	Director of Yinke Holdings

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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<b>Name</b>	<b>Position in our Group</b>	<b>Position with the Controlling Shareholders and their close associates</b>
Mr. CHEN Jigeng	Non-executive Director	Vice president of Yintech Holdings
Mr. CAI Zi	Executive Director and chief executive officer	None
Dr. ZHAO Guoqing <sup>(1)</sup>	Independent non-executive Director	None
Mr. FAN Yonghong <sup>(1)</sup>	Independent non-executive Director	None
Mr. TIAN Shu <sup>(1)</sup>	Independent non-executive Director	None
<i>Our senior management</i>		
Mr. CAI Zi	Executive Director and chief executive officer	None
Mr. QIAN Di	Chief financial officer and company secretary	None
Ms. WANG Ping	Vice president	None
Mr. CHENG Wei	Vice president	None
Mr. ZHANG Pengfei	Vice president	None

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*Note:*

- (1) Mr. Fan Yonghong and Mr. Tian Shu were appointed in August 2021, while Dr. Zhao Guoqing was appointed in February 2023, effective from the date of this prospectus.

Our Directors are of the view that our Board and senior management can function independently from our Controlling Shareholders and their close associates:

- All of the four Directors who hold overlapping positions in our Group and Yintech Holdings/Yinke Holdings are non-executive Directors and do not participate in the daily operation of our Group.
- Our Group's daily operation is managed by our executive Director and chief executive officer, Mr. CAI Zi and our experienced senior management team, none of whom holds any positions in Yintech Holdings.
- Each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the best interest of our Company and our Shareholders as a whole and does not allow any conflict between his/her duties as a director and his/her personal interests to exist.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- Our three independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions including continuing connected transactions which must always be referred to the independent non-executive Directors for review and they will confirm in our annual report that our continuing connected transactions have been entered into in our ordinary and usual course of business, on normal commercial terms and that such terms are fair and reasonable and in the interests of our shareholders as a whole.
- In the event that there is a potential conflict of interest arising from any transaction to be entered into between our Group and our Directors, unless otherwise permitted by our Articles of Association, any interested Director shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions, and shall not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles as directors independently and manage our business independently from our Controlling Shareholders and their close associates after the Listing.

### **Operational Independence**

We do not rely on our Controlling Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

We entered into a total of four office lease agreements with Shanghai Xieyu on April 1, 2021 and July 21, 2021, pursuant to which Shanghai Xieyu agreed to lease to us the premises with a total gross area of approximately 19,138.27 sq.m. located at No. 88, Xumin East Road, Qingpu District, Shanghai, the PRC (中國上海市青浦區徐民東路88號), for our office use (the “**Office Lease Agreements**”).

The rent and property management fee under the Office Lease Agreements, on an annual basis, are RMB24.92 million and RMB16.31 million, respectively, and shall be payable by us on a quarterly basis.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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The Office Lease Agreements have a fixed term of one year from the date of agreement, and will be automatically renewed for another year unless otherwise agreed by the parties.

The Office Lease Agreements were entered into: (i) in the ordinary and usual course of business of our Group; (ii) on arm's length basis, and (iii) on normal commercial terms with the rent and property management fee being determined with reference to, among others, the prevailing market rates for similar properties in the same area, the square meters rented, and the property valuation conducted by an independent valuer.

In accordance with HKFRS 16 "Leases", our Company recognized a right-of-use asset on its balance sheet in connection with the lease of the properties from Shanghai Xieyu which is an associate of Mr. Chen Wenbin, one of our Controlling Shareholders. As such, Shanghai Xieyu is our connected person pursuant to the Listing Rules. Therefore, the transactions under the Office Lease Agreements will be recorded as an acquisition of a capital asset and a one-off connected transaction of our Company for the purpose of the Listing Rules. Accordingly, the reporting, announcement, annual review and independent shareholders' approval requirements with respect to continuing connected transactions in Chapter 14A of the Listing Rules will not be applicable.

The value of the lease liabilities which includes the present value of the lease payment recognized by our Company according to HKFRS 16 attributable to the office leases signed on April 1, 2021 and July 21, 2021 amounted to approximately RMB59.7 million (as of April 1, 2021) and RMB11.6 million (as of July 21, 2021), respectively.

Given that (i) the Office Lease Agreements are on normal commercial terms after arm's-length negotiations in the ordinary and usual course of our business, and (ii) even if the counterparty in these transactions terminate such agreements, the interruption to our business would be limited as we would be able to find alternative lease in the market, our Directors believe that the lease of offices from Shanghai Xieyu would not cast doubts on our operational independence.

During the Track Record Period, there were certain transactions between our Group and certain associates of our Controlling Shareholders in relation to, among others, consultation, advertising services and software sales. Please see "Financial Information – Material Related Party Transactions" and Note 24 of the Accountants' Report as set out in Appendix I to this prospectus for more details. We plan to terminate all transactions set out in Note 24(c) in the Accountants' Report and settle the balance of transactions set out in Note 24(d) in the Accountants' Report in full prior to the Listing. Save as disclosed above, our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders and their close associates.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### Financial Independence

We have an independent financial system and a finance team responsible for our own treasury functions and we have made, and will continue to make, financial decisions based on our own business needs. We do not expect to rely on our Controlling Shareholders and their close associates for financing after the Listing as we expect that our working capital will be funded by cash flows generated from operating activities as well as the proceeds from the Global Offering. As such, our Directors consider that there is no financial dependence by us on our Controlling Shareholders and their close associates.

### NON-COMPETITION UNDERTAKING

In order to minimize the risk of potential competition between Yintech Holdings and our Group, our Company and Yintech Holdings entered into a non-competition agreement on February 22, 2023 (the “**Non-competition Undertaking**”), pursuant to the which, subject to certain exceptions and save as disclosed in this section, Yintech Holdings shall not, and shall procure its associates (except for any members of our Group) will not, engage in any business which directly or indirectly competes with the businesses of our Group (the “**Restrained Businesses**”) within the period that the Non-competition Undertaking remains effective.

The Non-competition Undertaking does not apply to (i) Yintech Holdings holding shares in any member of our Group and (ii) Yintech Holdings holding securities in a company that is engaged in the Restrained Business and whose securities are listed on any stock exchange, provided that Yintech Holdings or its associates do not individually and/or in aggregate hold or control more than 10% of the voting rights in the issued share capital of such company.

### Option for New Business Opportunities

Yintech Holdings has undertaken in the Non-competition Undertaking that if Yintech Holdings and its associates (except for any members of our Group) become aware of, notice, are recommended or provided with, a new business opportunity which will directly or indirectly compete or may compete with the Restrained Businesses, including but not limited to the opportunities which are the same with or similar to the Restrained Businesses (the “**New Business Opportunities**”), Yintech Holdings shall and shall procure its associates (except for any members of our Group) to refer or recommend the New Business Opportunities to our Group subject to relevant laws, requirements or prior legally binding contractual arrangements with third parties:

- (i) Yintech Holdings shall provide our Group with a written notification which includes all reasonable and necessary information known by Yintech Holdings and/or its associates (including the nature of the New Business Opportunities and necessary information relating to the cost of relevant investment or acquisition) for our Company to consider whether the New Business Opportunities constitute

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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competition or potential competition to the Restrained Businesses; and whether engaging in such New Business Opportunities would be in the best interests of our Company (the “**Offer Notice**”); and

- (ii) our Company shall respond to Yintech Holdings and/or its associates (except for any members of our Group) within 30 days upon receipt of the Offer Notice. If our Company fails to reply to Yintech Holdings and/or its associates (except for any members of our Group) within the above period, it shall be deemed to have abandoned the New Business Opportunities. If our Company determines to take up the New Business Opportunities, Yintech Holdings and/or its associates (except for any members of our Group) would be obligated to offer such New Business Opportunities to our Company.

### **Pre-emptive Rights**

Yintech Holdings has undertaken that if Yintech Holdings and/or its associates (except for any members of our Group) intend(s) to transfer, sell, lease or license for royalties to a third party any businesses engaged by Yintech Holdings and/or its associates (except for any members of our Group) which competes or potentially competes with the Restrained Businesses or any other businesses which would cause direct or indirect competition with the Restrained Businesses, it shall offer our Company the pre-emptive right in terms of such opportunity with the equal terms subject to relevant laws, requirements or prior legally binding contractual arrangements with third parties:

- (i) Yintech Holdings and/or its associates (except for any members of our Group) shall provide our Company with written notice no later than the time of any such disposals (the “**Disposal Notice**”). For the avoidance of doubt, Controlling Shareholders and/or their associates (except for any members of our Group) is entitled to provide information and/or Disposal Notice to any third parties at the same time or after providing the Disposal Notice to our Company;
- (ii) Yintech Holdings and/or its associates (except for any members of our Group) shall not dispose of such businesses and interests to any third parties unless (a) our Company declines to purchase such businesses and interests in writing; (b) the notice of exercising such pre-emptive rights has not been received by Yintech Holdings and/or its associates from our Company within, whichever the later of, the 30<sup>th</sup> day after receipt of the Disposal Notice and expiration of the period offered to third parties for them to reply by Yintech Holdings and/or its associates; or (c) our Company fails to offer the same or more favorable terms of acquisitions than those offered by any third parties to Yintech Holdings and/or its associates (except for any members of our Group).

For the avoidance of doubt, the terms of disposal offered by Yintech Holdings and/or its associates (except for any members of our Group) to any third parties shall not be more favorable than those offered to our Company.



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### **Option for Purchase**

On the condition that no relevant laws and regulations are breached and prior legally binding agreements with third parties are complied with, our Company is entitled to acquire any businesses operated by Yintech Holdings and/or its associates (except for any members of our Group) which compete or potentially compete with the Restrained Businesses or any businesses or any interests of Yintech Holdings and/or its associates (except for any members of our Group) which are gained through the New Business Opportunities (the “**Option for Purchase**”). Our Company is entitled to exercise the Option for Purchase at any time, and Yintech Holdings and/or its associates (except for any members of our Group) shall offer the Option for Purchase to our Company based on the condition that the commercial terms of the proposed acquisition shall be formed solely by the committee consisting of our independent non-executive Directors after consulting the views of independent experts. Furthermore, such commercial terms shall be based on negotiations between the parties in line with normal commercial practice of our Company which is fair, reasonable and in compliance with the interests of our Company as a whole, as in accordance with the negotiations with Yintech Holdings and its associates.

However, if a third party has the pre-emptive rights in accordance with applicable laws and regulations and/or a prior legally binding document (including, but not limited to, articles of association and/or shareholders’ agreements), the Options for Purchase of our Company shall be subject to such third-party rights. In such a case, Yintech Holdings and/or its associates (except for any members of our Group) will use their best efforts to persuade the third party to waive its pre-emptive rights.

### **Yintech Holdings’s Further Undertaking**

Yintech Holdings has further undertaken that, subject to relevant laws, requirements or contractual arrangements with third parties:

- (i) upon the request of our Company, it shall, and shall procure its associates (except for any members of our Group) to, provide any necessary information for the implementation of the Non-competition Undertaking;
- (ii) it would allow the authorized representatives or auditors of our Company to have reasonable access to the financial and corporate information necessary to its transactions with third parties, which would assist with the judgments of our Company in respect of whether Yintech Holdings and/or its associates have complied with this Non-competition Undertaking; and
- (iii) it would ensure that within 10 business days of receipt of the written request from our Company, necessary confirmation shall be made in writing as to the compliance of Yintech Holdings and its associates of the Non-competition Undertaking and Yintech Holdings and its associates shall allow such confirmation to be included into the annual reports of our Company.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### Termination of the Non-competition Undertaking

The Non-competition Undertaking will become effective upon Listing and remain in full force. It will be terminated upon the earlier of:

- (i) Mr. Chen Wenbin, Mr. Yan Ming, Ms. CHEN NINGFENG and their associates directly and/or indirectly in aggregation, holding less than 30% of the voting rights or control of exercising voting rights in any shareholders' meeting of our Company; or
- (ii) Mr. Chen Wenbin, Mr. Yan Ming, Ms. CHEN NINGFENG and their associates directly and/or indirectly in aggregation, holding less than 30% of the voting rights or control of exercising voting rights in any shareholders' meeting of Yintech Holdings; or
- (iii) our Shares no longer being listed on the Stock Exchange (except for the circumstances under which our Shares are temporarily suspended to be listed in accordance with the Listing Rules).

### CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders.

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and the Controlling Shareholders:

- where a Shareholders' meeting is held for considering proposed transactions in which the Controlling Shareholders have a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;
- where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They will review whether there is any conflict of interests between our Group and the Controlling Shareholders annually and are committed to providing impartial and professional advice to protect the interest of our minority Shareholders;
- in the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Controlling Shareholders, the Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual report or by way of announcements; and
- we have appointed Maxa Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

We would also adopt the following procedures to ensure that the undertakings under the Non-competition Undertaking are observed:

- *Review by independent non-executive Directors.* Our independent non-executive Directors will be responsible for reviewing the options for New Business Opportunities, pre-emptive rights and Option for Purchase granted by Yintech Holdings, and deciding whether or not to take up business opportunities as referred to in the Offer Notice, Disposal Notice and/or the Option for Purchase. In deciding whether to take such business opportunities, our independent non-executive Directors will consider various factors including the due diligence to be conducted towards the target businesses, the purchase prices, the benefits that it will bring to our Company as well as whether we have adequate management and resources to manage and operate the business operations of such businesses.
- *Increased transparency.* Yintech Holdings has undertaken to provide all information necessary for the enforcement of the options for New Business Opportunities, pre-emptive rights and Option for Purchase. We will provide our independent non-executive Directors with the Offer Notice and Disposal Notice (as the case may be) on the new business opportunity or pre-emptive rights referred to us by Yintech Holdings within seven days of receipt, and our independent non-executive Directors would be allowed to propose the exercise of the Option for Purchase at any time.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- *Public disclosure of decisions.* Our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to the exercise or non-exercise of options for New Business Opportunities, pre-emptive rights and Option for Purchase either through our annual report, or by way of announcements to the public. Our independent non-executive Directors will report in our annual report (a) their findings on the compliance by Yintech Holdings of the Non-competition Undertaking and (b) any decision made pursuant to the options and pre-emptive rights granted to our Company, and the basis of such decision.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders and/or Directors to protect minority Shareholders' rights after the Listing.

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## DIRECTORS AND SENIOR MANAGEMENT

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### OVERVIEW

The Board consists of eight Directors, comprising four non-executive Directors, one executive Director and three independent non-executive Directors. The powers and duties of the Board include convening general meetings, determining our Group's business plans and investment plans, formulating our Group's annual budget and final accounts, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by our Articles of Association.

The senior management of our Group includes those who manage the daily operation of our Company and its subsidiaries.

### DIRECTORS AND SENIOR MANAGEMENT

The table below sets forth certain information about our Directors:

Name	Age	Position	Main duties	Date of appointment as Director	Date of joining our Group	Relationship with other Directors and senior management
Mr. CHEN Wenbin (陳文彬先生)	48	Non-executive Director and chairman of the Board	Providing professional opinion and judgment to the Board	May 3, 2021	May 3, 2021	None
Mr. YAN Ming (嚴明先生)	48	Non-executive Director	Providing professional opinion and judgment to the Board	August 20, 2021	August 20, 2021	None
Ms. CHEN NINGFENG (陳寧楓女士)	54	Non-executive Director	Providing professional opinion and judgment to the Board	August 20, 2021	August 20, 2021	None
Mr. CHEN Jigeng (陳冀庚先生)	40	Non-executive Director	Providing professional opinion and judgment to the Board	August 20, 2021	August 20, 2021	None
Mr. CAI Zi (才子先生)	37	Executive Director and chief executive officer	Responsible for overall management and operation of our Group	August 20, 2021	January 29, 2018	None

## DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Main duties	Date of appointment as Director	Date of joining our Group	Relationship with other Directors and senior management
Dr. ZHAO Guoqing (趙國慶博士)	43	Independent non-executive Director	Supervising and offering independent judgment to the Board	February 20, 2023 <sup>(1)</sup>	February 20, 2023 <sup>(1)</sup>	None
Mr. FAN Yonghong (范勇宏先生)	55	Independent non-executive Director	Supervising and offering independent judgment to the Board	August 20, 2021 <sup>(1)</sup>	August 20, 2021 <sup>(1)</sup>	None
Mr. TIAN Shu (田舒先生)	59	Independent non-executive Director	Supervising and offering independent judgment to the Board	August 20, 2021 <sup>(1)</sup>	August 20, 2021 <sup>(1)</sup>	None

*Note:*

(1) The appointment is effective from the date of this prospectus.

The table below sets forth information of the members of the senior management of our Group:

Name	Age	Position	Main duties	Date of appointment as current position	Date of joining our Group	Relationship with other Directors and senior management
Mr. CAI Zi (才子先生)	37	Executive Director and chief executive officer	Responsible for overall management and operation of our Group	August 2021	January 2018	None
Mr. QIAN Di (錢迪先生)	40	Chief financial officer and company secretary	Responsible for the overall financial management and financial reporting of our Group	August 2021	June 2021	None
Ms. WANG Ping (王平女士)	40	Vice president	Responsible for overseeing our Group's legal compliance	August 2021	January 2018	None

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## DIRECTORS AND SENIOR MANAGEMENT

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Name	Age	Position	Main duties	Date of appointment as current position	Date of joining our Group	Relationship with other Directors and senior management
Mr. CHENG Wei (程偉先生)	39	Vice president	Responsible for overseeing our Group's research and development	August 2021	January 2018	None
Mr. ZHANG Pengfei (張鵬飛先生)	40	Vice president	Responsible for overseeing our Group's marketing	August 2021	January 2018	None

### Directors

#### *Non-executive Directors*

**Mr. CHEN Wenbin** (陳文彬先生), aged 48, was appointed as a Director on May 3, 2021. He was redesignated as our non-executive Director and appointed as the chairman of our Board in August 2021.

Mr. Chen has over 20 years of experience in the financial and investment advisory industry. From July 1997 to July 2005, he worked at Fuzhou Tianli Investment Consultant Co., Ltd. (福州天力投資顧問有限公司), with his last position as general manager. Mr. Chen subsequently worked in certain group companies of China Finance Online Co., Ltd (中國金融在線有限公司, a company listed on NASDAQ with ticker symbol: JRJC) which was a prominent web-based financial information and service company providing securities investment advisory, data and analytics services from August 2007 to June 2010, with his last position as the assistant to chairman. During such period, he gained experiences in investment product design, development and marketing. In May 2011, Mr. Chen founded predecessors of Yintech Holdings (previously listed on NASDAQ from April 2016 to November 2020, ticker symbol: YIN) and was in charge of their management and overall operation. He has served as the chairman, chief executive officer and director of Yintech Holdings since its incorporation in November 2015, and a director of Yinke Holdings since July 2020. Mr. Chen's experience in managing Yintech Holdings, lays the foundation for our Group's evolvement to the present state. For details of the principal business of Yintech Holdings, see "Relationship with our Controlling Shareholders".

Mr. Chen was appointed as the permanent honorary chairman of the Hong Kong Federation of Fujian Associations (香港福建社團聯會) in October 2018 and the honorary president of Fuqing Shanghai Chamber of Commerce (福清市上海商會) in November 2019. Since April 2019, he has served as a part-time professor at the School of Economics and Management of Dalian University of Technology (大連理工大學經濟管理學院).

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Chen obtained a double bachelor's degree in chemical engineering and international enterprise management from Dalian University of Technology (大連理工大學) in the PRC in July 1998 and a degree of executive master of business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC in October 2009. He also obtained a securities investment advisor license granted by the SAC in 2003.

**Mr. YAN Ming (嚴明先生)**, aged 48, was appointed as our non-executive Director on August 20, 2021.

Mr. Yan served as the general manager of Beijing Jinghua Times International Culture and Entertainment Co., Ltd. (北京京華時代國際文化娛樂有限公司) from August 2003 to June 2013. He founded predecessors of Yintech Holdings in May 2011 and served as a non-executive director of Yintech Holdings from its incorporation in November 2015 until November 2020. Mr. Yan's experience in managing Yintech Holdings, lays the foundation for our Group's evolvement to the present state. For details of the principal business of Yintech Holdings, see "Relationship with our Controlling Shareholders". He has been appointed as a founding chairman of the Hong Kong Federation of Jiangxi Associations (香港江西社團(聯誼)總會) in May 2018. He has also served as a director of Yinke Holdings since February 2021.

Mr. Yan obtained a bachelor's degree in finance from Shanxi University of Finance and Economics (山西財經大學) in the PRC in December 2011, and a degree of executive master of business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2014. He has been a student of the Entrepreneur Fellow Program (企業家學者項目) organized by the School of Economics and Management, Tsinghua University (清華大學) in the PRC since September 2019.

**Ms. CHEN NINGFENG (陳寧楓女士)**, aged 54, was appointed as our non-executive Director on August 20, 2021.

Ms. Chen worked in Fuzhou Earthquake Resistance Office (福州抗震辦公室) from September 1990 to March 1994, where she successively served as an assistant engineer and an engineer, primarily responsible for the review of the seismic reinforcement design of key construction projects and supervision of construction work. She subsequently served as an engineer in the Fuzhou Urban and Rural Construction Committee (福州市城鄉建設委員會) from March 1994 to September 2001, primarily responsible for the review of design drawings of construction projects and the promotion of new technologies in the construction industry. From September 2001 to September 2003, Ms. Chen served as the chief engineer of Fuzhou Anxinda Engineering Consulting Co., Ltd. (福州安信達工程諮詢有限公司) and was primarily responsible for marketing of real estate projects. She also served as the research consultant for the North America market at Shanghai Naide Enterprise Management Consulting Co., Ltd. (上海奈德企業管理諮詢有限公司) from September 2005 to February 2011. Ms. Chen founded predecessors of Yintech Holdings in May 2011 and served as a non-executive director of Yintech Holdings from its incorporation in November 2015 until November 2020. Ms. Chen's



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## DIRECTORS AND SENIOR MANAGEMENT

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experience in managing Yintech Holdings, lays the foundation for our Group's evolvement to the present state. For details of the principal business of Yintech Holdings, see "Relationship with our Controlling Shareholders". She has also served as a director of Yinke Holdings since February 2021.

Ms. Chen obtained a bachelor's degree in industrial and civil construction from Anhui Jianzhu University (安徽建築大學) (formerly known as Anhui Institute of Architecture & Industry (安徽建築工業學院)) in the PRC in July 1990, and a master's degree in management from the University of International Business and Economics (對外經濟貿易大學) in the PRC in June 2003. She also obtained a certificate in continuing studies in financial analysis and investment management from the University of Toronto in Canada in May 2005.

**Mr. CHEN Jigeng** (陳冀庚先生), aged 40, was appointed as our non-executive Director on August 20, 2021.

Mr. Chen has over 10 years of experience in the financial services industry. He worked in Beijing Litong Tianxia Technology Co., Ltd. (北京利通天下科技有限公司) from January 2010 to March 2010, and in Shanghai Zhuosheng Information Technology Co., Ltd. Beijing Branch (上海卓晟信息技術有限公司北京分公司) from April 2010 to May 2011. He joined predecessors of Yintech Holdings in May 2011 and has served as vice president of Yintech Holdings since its incorporation in November 2015.

Mr. Chen is currently studying at the international experimental class in Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University (上海交通大學上海高級金融學院, "SAIF") in the PRC.

### *Executive Director*

**Mr. CAI Zi** (才子先生), aged 37, is our executive Director and chief executive officer. He was appointed as an executive Director on August 20, 2021.

Mr. Cai has over 10 years of experience in the field of information technology and finance. He worked in China Securities Xintong Software Technology (Beijing) Co., Ltd. (中證信通軟件科技(北京)有限公司) from December 2007 to April 2009, in Beijing Litong Tianxia Technology Co., Ltd. (北京利通天下科技有限公司) from May 2009 to January 2010 and subsequently in Beijing Fortune Xinying Technology Co., Ltd. (北京財富鑫盈技術有限公司) and gained experience in product research and development. He also served as an officer in the National Security Bureau of Yingkou City (營口市國家安全局) from July 2010 to October 2011. From September 2011 to December 2017, Mr. Cai served as the deputy general manager of Shanghai Yinsai Computer Technology Co., Ltd. (上海銀賽計算機科技有限公司), a subsidiary of Yintech Holdings, primarily responsible for managing the research and development team. He joined our Group in January 2018, he has served as an executive director and general manager of Shanghai Jiufangyun and the general manager of Shanghai Fudong. Since then, he has participated in the design of multiple digital financial content and

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## DIRECTORS AND SENIOR MANAGEMENT

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information service products of our Group, demonstrating his strong product development capabilities. He was appointed as a deputy chief member of the committee of Securities Investment Consultation Institutions under SAC (中國證券業協會證券投資諮詢機構委員會) in January 2022.

Mr. Cai obtained a bachelor's degree of engineering in computer science and technology from Beijing Jiaotong University (北京交通大學) in the PRC in July 2008. He also obtained the securities practitioner qualification from the Securities Association of China (中國證券業協會) in 2009 and has been a registered gold analyst (註冊黃金分析師) since 2012.

### *Independent Non-executive Directors*

**Dr. ZHAO Guoqing (趙國慶)**, aged 43, was appointed as our independent non-executive Director on February 20, 2023, effective from the date of this prospectus. Dr. Zhao is currently a partner of Zhonghui Jiangsu Certified Tax Agents Co., Ltd. (中匯江蘇稅務師事務所有限公司) since June 2016, and the technician director of Zhonghui Certified Tax Agents Co., Ltd. (中匯稅務師事務所有限公司). Dr. Zhao has more than ten years of working experience in taxation authorities in the PRC after graduation from Yangzhou University, having first served in the Jiangning Local Taxation Bureau of Nanjing (南京市江寧地方稅務局) until November 2012 with his last position as the deputy director of the audit bureau and subsequently served with the State Administration of Taxation Tax Cadres Training Institute (國家稅務總局稅務幹部進修學院) until March 2016. Dr. Zhao currently serves as an independent non-executive director of Hailan Holdings Limited (海藍控股有限公司, a company listed on the Stock Exchange, stock code: 2278) since December 2018, as an independent director of Nanjing Develop Advanced Manufacturing Co., Ltd. (南京迪威爾高端製造股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 688377) since August 2018, and as an independent director of Piotech Inc. (拓荊科技股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 688072) since January 2021.

Dr. Zhao is a qualified certified public accountant in the PRC. Dr. Zhao graduated from Yangzhou University (揚州大學) with his bachelor's degree majoring in taxation in June 2002, obtained his master's degree in Business Administration from Nanjing University (南京大學) in March 2012 and obtained his doctorate degree in Business Administration from Nanjing University in December 2018.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. FAN Yonghong** (范勇宏先生, former name: 范永紅), aged 55, was appointed as our independent non-executive Director on August 20, 2021, effective from the date of this prospectus.

Mr. Fan has extensive experience in financial management. From 1988 to 1998, he held various management positions in China Construction Bank Corporation (中國建設銀行) and Huaxia Securities Co., Ltd. (華夏證券股份有限公司). Mr. Fan also served as the general manager of China Asset Management Co., Ltd. (華夏基金管理有限公司) from 1998 to 2013. From December 2013 to April 2015, Mr. Fan served as the chief investment officer (首席投資執行官) of China Life Asset Management Company Limited (中國人壽資產管理有限公司). He currently serves as the executive director of Hongshi Capital Management Co., Ltd., (宏實資本管理有限公司) since March 2016.

Mr. Fan served as the vice chairman of Securities Association of China (中國證券業協會) from 2007 to 2011 and as a member of the Issuance Examination Committee of China Securities Regulatory Commission (中國證券監督管理委員會發行審核委員會) from 1997 to 2001, where he was involved in the review of listing applications of PRC companies.

Mr. Fan has served as an independent non-executive director and the chairman of audit committee of China Feihe Limited (中國飛鶴有限公司, a company listed on the Main Board of the Stock Exchange, stock code: 6186) since October 2019, and as an independent director of Puxin Limited (樸新教育科技集團, a company listed on the New York Stock Exchange, ticker symbol: NEW) since June 2019. He also served as an independent director of Yintech Holdings from May 2018 to November 2020.

Mr. Fan graduated from the Postgraduate Department of Institute of Fiscal Finance under the Ministry of Finance (財政部財政科學研究所, currently known as the Chinese Academy of Fiscal Sciences (中國財政科學研究院)) in July 1998 and obtained a doctor's degree in economics. Mr. Fan currently serves as an external postgraduate supervisor (外聘研究生導師) of the Chinese Academy of Fiscal Sciences.

**Mr. TIAN Shu** (田舒先生), aged 59, was appointed as our independent non-executive Director on August 20, 2021, effective from the date of this prospectus.

Mr. Tian has over 18 years of experience in accounting, tax and consulting. He worked at the General Administration of Customs (中國海關總署) prior to working at the preparatory group of the data center of the National Electronic Port (國家電子口岸數據中心) from September 2000 to June 2001. He worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP Beijing Branch from October 2002 to May 2006, with his last position as a senior manager. He served as the managing partner of Beijing Hansen Taihe Consulting Co., Ltd. (北京漢森泰和諮詢有限公司) from July 2005 to November 2010. He then worked at Ernst & Young from November 2010 to June 2020, where he successively served as a senior manager, executive director and partner. He has served as the deputy national leader of indirect tax business of Deloitte Consulting (Shanghai) Company Limited Beijing Branch since July 2020.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Tian obtained a bachelor's degree in business economics from Shanxi Finance and Economics College (山西財經學院, renamed as Shanxi University of Finance and Economics (山西財經大學) in 1997) in the PRC in July 1986. He also obtained a degree of executive master of business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2010.

Save as disclosed in this prospectus, none of our Directors held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus; and, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there is no other matter relating to our Directors that needs to be brought to the attention of our Shareholders, and there is no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules.

### Senior Management

For the biographical details of Mr. CAI Zi, please refer to “Executive Director” in this section. Biographical details of other members of the senior management are as follows:

**Mr. QIAN Di (錢迪先生)**, aged 40, was appointed as our chief financial officer and company secretary in August 2021.

Mr. Qian has more than 15 years of accounting and financial management experience focusing on financial reporting, regulatory compliance, internal control, investor communications and corporate finance. Before joining our Group, Mr. Qian served as a financial analyst of Shanghai Pudong Development Bank Credit Card Center (上海浦東發展銀行信用卡中心) from August 2004 to April 2006. He also served as an auditor of the Shanghai office of KPMG from August 2006 to August 2014. Mr. Qian served as the financial controller from August 2014 to February 2019 and vice president from August 2016 to February 2019 of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (上海大生農業金融科技股份有限公司, a company listed on the Main Board of the Stock Exchange (stock code: 1103), “**Shanghai Dasheng**”). He also served as an acting chief executive officer and a company secretary of Shanghai Dasheng from December 2018 to February 2019 and from February 2019 to July 2021, respectively. From February 2019 to May 2021, Mr. Qian served as the vice president and chief financial officer of Yintech Holdings.

Mr. Qian obtained a bachelor's degree in management from Fudan University (復旦大學) in the PRC in July 2004. He is a member of the Chinese Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Ms. WANG Ping** (王平女士), aged 40, was appointed as our vice president in August 2021.

Ms. Wang worked in Sino-US MetLife Insurance CO., Ltd. (中美聯泰大都會人壽保險有限公司) from July 2007 to February 2011 and from April 2014 to August 2015, with her last position as regional sales manager. She also served as the sales manager of AIA Life Insurance Company Limited (美國友邦人壽有限公司) (“**AIA Life Insurance**”), a subsidiary of AIA Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1299) from April 2010 to July 2011 and from November 2012 to February 2013, and a sales director of Xinshan Insurance Agency Co., Ltd. (鑫山保險代理有限公司) from February 2013 to February 2014. She then joined predecessors of Yintech Holdings in August 2015 and since then served as a compliance officer of the subsidiaries of Yintech Holdings until December 2017. She joined our Group in January 2018 and has served as the director of the compliance department of Shanghai Jiufangyun and Shanghai Fudong since then. She has also served as the director of the compliance department of Shanghai Yingma since December 2020.

Ms. Wang obtained a bachelor’s degree in management from Chongqing Technology and Business University (重慶工商大學) in the PRC in July 2004. She obtained the securities practitioner qualification from the Securities Association of China (中國證券業協會) in October 2015.

**Mr. CHENG Wei** (程偉先生), aged 39, was appointed as our vice president in August 2021.

Mr. Cheng has more than 12 years of experience in the field of financial securities, where he developed his experiences and insights in capital market and individual investors. Owing to such experiences and insights, Mr. Cheng has led our Group to design products with contents catered to various needs of individual investors. Mr. Cheng had served as the business manager of Chengdu Huijin Software Consulting Co., Ltd. (成都匯金軟件諮詢有限公司). Mr. Cheng worked in Wuhan Xintong Tianxia Technology Co., Ltd. (武漢信通天下科技有限公司) from September 2009 to August 2011, where he successively served as a deputy director and then a director. He joined predecessors of Yintech Holdings in October 2012, and since then served as a product development director of the subsidiaries of Yintech Holdings until December 2017. He has also served as an executive director of Shanghai Yingma since October 2018. He joined our Group in January 2018 and has been in charge of the Institute of Finance of Shanghai Jiufangyun and has served as a director Shanghai Fudong since then.

Mr. Cheng obtained a bachelor’s degree in bioengineering from Sichuan Agricultural University (四川農業大學) in the PRC in June 2005. He obtained the securities investment advisor qualification from the Securities Association of China (中國證券業協會) in August 2018.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. ZHANG Pengfei** (張鵬飛先生), aged 40, was appointed as our vice president in August 2021.

Mr. Zhang worked at Asia Finance (Beijing) Network Technology Co., Ltd. (亞洲財訊(北京)網絡技術有限公司) from February 2006 to November 2007. He served as a designer and the head of the design department at the content operation department of Fortune Xinying Technology (Beijing) Co., Ltd. (財富鑫盈科技(北京)有限公司) from December 2007 to February 2010. He joined predecessors of Yintech Holdings in May 2011 and since then served as the marketing director of the subsidiaries of Yintech Holdings until December 2017. He joined our Group in January 2018 and has served as a director of Shanghai Jiufangyun and Shanghai Fudong since then. He has also served as a director of Shanghai Yingma since December 2020.

Mr. Zhang obtained a bachelor's degree in economics from the Institute of Online Education, Beijing Foreign Studies University in the PRC in January 2020. He obtained a qualification to engage in futures business from the China Futures Association (中國期貨業協會) in March 2019, and the securities practitioner qualification from the Securities Association of China (中國證券業協會) in November 2020.

### COMPANY SECRETARY

**Mr. QIAN Di** (錢迪先生), aged 39, was appointed as our company secretary in August 2021. For the biographical details of Mr. Qian, please refer to “*Senior Management*” in this section.

### BOARD COMMITTEES

We have established the following committees under the Board: Audit Committee, Nomination Committee and Remuneration Committee. The committees operate in accordance with terms of reference established by the Board.

#### **Audit Committee**

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 of the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, being Dr. ZHAO Guoqing, Mr. FAN Yonghong and Mr. TIAN Shu. The chairman of the Audit Committee is Dr. ZHAO Guoqing. Each of Dr. ZHAO Guoqing and Mr. FAN Yonghong holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial reporting process, risk management and internal control systems, and to nominate and monitor external auditors.

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## DIRECTORS AND SENIOR MANAGEMENT

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### **Nomination Committee**

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A and paragraph B.3 of Part 2 of the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules. The Nomination Committee consists of one non-executive Director, being Mr. CHEN Wenbin, and two independent non-executive Directors, being Dr. ZHAO Guoqing and Mr. TIAN Shu. The chairman of the Nomination Committee is Mr. CHEN Wenbin. The primary duty of the Nomination Committee is to make recommendations to the Board on the appointment and removal of Directors of our Company.

### **Remuneration Committee**

We have established the Remuneration Committee with written terms of reference in compliance with paragraph E.1 of part 2 of the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules. The Remuneration Committee consists of one non-executive Director, being Mr. CHEN Wenbin, and two independent non-executive Directors, being Dr. ZHAO Guoqing and Mr. TIAN Shu. The chairman of the Remuneration Committee is Dr. ZHAO Guoqing. The primary duties of the Remuneration Committee are to evaluate the performance, and make recommendations on the remuneration package, of our Directors and senior management, and to evaluate and make recommendations on employee benefit arrangements.

## **COMPENSATION OF DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

We offer our executive Director and senior management members, who are also our Company's employees, various compensation in the form of fees, salaries, retirement benefit scheme contributions, discretionary bonus, housing allowances and other benefits in kind. Our non-executive Directors and independent non-executive Directors receive compensation with reference to their respective positions and duties, including being a member or the chairman of Board committees.

For the three years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022, remuneration (including Directors' fees, salaries, allowances, discretionary bonuses, retirement scheme contributions, share-based payments, and other benefits and remuneration in kind) incurred to our Directors amounted to approximately RMB3.4 million, RMB820,000, RMB8.6 million and RMB756,000, respectively.

For the three years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022, the total remuneration (including Directors' fees, salaries, allowances, discretionary bonuses, retirement scheme contributions, share-based payments, and other benefits and remuneration in kind) incurred to the five highest paid individuals (excluding Directors) amounted to RMB8.6 million, RMB6.2 million, RMB7.5 million and RMB13.5 million, respectively.

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## **DIRECTORS AND SENIOR MANAGEMENT**

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Pursuant to the arrangement currently in force, an estimated aggregate amount of approximately RMB1.2 million will be paid and granted to our Directors as remuneration for the financial year ended December 31, 2022.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments have been paid or are payable during the Track Record Period by our Group to our Directors.

### **CORPORATE GOVERNANCE**

Our Company complies or intends to comply with the Corporate Governance Code. Our Directors will review our corporate governance policies and comply with the Corporate Governance Code in each financial year and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual reports after the Listing.

### **BOARD DIVERSITY POLICY**

The Board has adopted a board diversity policy which sets out the objective and approach to achieve diversity of the Board. Our Group recognizes the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Group’s strategic objectives and sustainable development. Our Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, talents, skills, knowledge, cultural and education background, gender, age, ethnicity and length of service. Our board diversity policy is well implemented as evidenced by the fact that there are both female and male Directors ranging from 37 years old to 59 years old, and that our Directors have a balanced mix of experiences from different industries and sectors, including overall management, information technology, business development and finance experiences. Upon Listing, the Board will have one female Director. We target to maintain at least one female representation in the Board. We also intend to promote gender diversity when recruiting staff at the middle to senior level in order to develop a pipeline of female senior management and potential successors to the Board. In addition, we will engage more resources in training female staff who have long and relevant experience in our business, with the aim of promoting them to the senior management or directorship of our Group, noting that we currently already have one female senior management member.



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## DIRECTORS AND SENIOR MANAGEMENT

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After Listing, the Nomination Committee will review the board diversity policy and its implementation from time to time to ensure its implementation, and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules, including any measurable objectives set for implementing the board diversity policy and measuring the progress on achieving these objectives on an annual basis.

We are committed to adopting a similar approach to promote diversity, including but not limited to gender diversity, at all other levels of our Company from the Board downwards, to enhance the effectiveness of our corporate governance as a whole.

### COMPLIANCE ADVISOR

We have appointed Maxa Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business, developments or results deviated from any forecast, estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report with respect to our financial results for the first full financial year commencing after the Listing Date, and such appointment may be subject to extension by mutual agreement.

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## SHARE CAPITAL

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### AUTHORIZED AND ISSUED SHARE CAPITAL

As of the date of this prospectus, the authorized and issued share capital of our Company is as follows<sup>(1)</sup>:

<b>Authorized Share Capital:</b>	<b>HK\$</b>
2,000,000,000 Shares	20,000
<b>Issued Share Capital:</b>	<b>HK\$</b>
81,230 Shares	0.8123

(1) As of the date of this prospectus, the Company does not have any treasury shares, and has only one class of Shares. All Shares underlying the Awards under the Pre-IPO RSU Scheme rank pari passu with other issued Shares.

Assuming the Over-allotment Option is not exercised at all, the issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering will be as follows:

	<b>Issued Share Capital:</b>	<b>HK\$</b>	<b>Approximate percentage of issued share capital</b>
Shares in issue immediately before the Capitalization Issue and the Global Offering	81,230	0.8123	0.02%
Shares to be issued under the Capitalization Issue	406,068,770	4,060.69	87.18%
Shares to be issued under the Global Offering (excluding any Shares which may be issued under the Over-allotment Option)	59,618,500	596.19	12.80%
<b>Shares in total</b>	<b>465,768,500</b>	<b>4,657.69</b>	<b>100.00%</b>

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## SHARE CAPITAL

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Assuming the Over-allotment Option is exercised in full, the issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering will be as follows:

	Issued Share Capital:	HK\$	Approximate percentage of issued share capital
Shares in issue immediately before the Capitalization Issue and the Global Offering	81,230	0.8123	0.02%
Shares to be issued under the Capitalization Issue	406,068,770	4,060.69	85.54%
Shares to be issued under the Global Offering and Shares may be issued under the Over-allotment Option <sup>(2)</sup>	68,561,000	685.61	14.44%
<b>Shares in total</b>	<b>474,711,000</b>	<b>4,747.11</b>	<b>100.00%</b>

(1) Our Shares referred to in the above table have been or will be fully paid or credited as fully paid when issued.

(2) Assuming a total of 8,942,500 Shares will be sold and issued upon exercise of the Over-allotment Option in full.

### RANKING

Our Shares are ordinary shares in our share capital and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of this prospectus.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Memorandum 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 Cayman Companies Act, reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, please refer to the section headed “Appendix IV – Summary of the Constitution of the Company and Cayman Company Law” to this prospectus.

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## SHARE CAPITAL

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Pursuant to the Cayman Companies Act and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the shares 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 section headed “Appendix IV – Summary of the Constitution of the Company and Cayman Company Law” to this prospectus.

Further, our Company will also hold general meetings from time to time as may be required under the Articles, a summary of which is set out in the section headed “Appendix IV – Summary of the Constitution of the Company and Cayman Company Law” to this prospectus.

### GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed “The Structure of the Global Offering – Conditions of the Global Offering” in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, **provided that** the aggregate nominal value of Shares allotted or agreed to be allotted by our Directors other than pursuant to:

- (a) a rights issue;
- (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles of Association;
- (c) a specific authority granted by our Shareholders in general meeting, shall not exceed the aggregate of:
  - (i) 20% of the total nominal value of our share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering; and
  - (ii) the total nominal value of our share capital repurchased by us (if any) under the general mandate to repurchase Shares referred to in the section headed “– General Mandate to Buy Back Shares” below.

This general mandate to issue Shares will expire:

- (1) at the conclusion of our next annual general meeting; or

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## SHARE CAPITAL

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- (2) at the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or
- (3) when varied or revoked by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

For further details of this general mandate, see “Statutory and General Information – A. Further Information about Our Group – 4. Resolutions of Our Shareholders”.

### **GENERAL MANDATE TO BUY BACK SHARES**

Subject to the conditions stated in the section headed “The Structure of the Global Offering – Conditions of the Global Offering,” our Directors have been granted a general unconditional mandate to exercise all of our powers to buy back Shares with a total nominal value of not more than 10% of the total nominal value of our share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering.

This general mandate relates only to purchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which our Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information – A. Further Information about Our Group – 7. Repurchase of our own securities” in Appendix V to this prospectus.

This general mandate to buy back Shares will expire:

- (i) at the conclusion of our next annual general meeting; or
- (ii) at the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, see “Statutory and General Information – A. Further Information about Our Group – 4. Resolutions of Our Shareholders”.

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## CORNERSTONE INVESTORS

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### THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Offer Shares that may be purchased with an aggregate amount of US\$44 million (approximately HK\$345.40 million) at the Offer Price (the “**Cornerstone Placing**”).

Based on the Offer Price of HK\$18.78 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 18,389,500, representing approximately 30.85% of the Offer Shares and approximately 3.95% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Based on the Offer Price of HK\$17.88 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 19,316,000, representing approximately 32.40% of the Offer Shares and approximately 4.15% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Based on the Offer Price of HK\$16.98 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 20,341,000, representing approximately 34.12% of the Offer Shares and approximately 4.37% of the total issued share capital of our Company immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that, leveraging on the Cornerstone Investors’ investment experience, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our Company’s business and prospect.

Orchid Asia CIL (as defined below) is an existing Shareholder of our Company. They have been permitted to participate in the Cornerstone Placing pursuant to paragraph 4.20 of the Stock Exchange Guidance Letter HKEX-GL85-16 under a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to the Listing Rules granted by the Stock Exchange. For further details, please refer to the section headed “Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance” of this prospectus.

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## CORNERSTONE INVESTORS

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The Cornerstone Placing forms part of the International Offering, and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank pari passu in all respects with the other fully paid Shares in issue following the completion of the Global Offering and to be listed on the Stock Exchange, and will be counted towards the public float of our Company. Other than Orchid Asia CIL, which is our existing Shareholder as described hereunder, our Company became acquainted with New China through the introduction by the Underwriters, and the remaining Cornerstone Investors through the Company's business relationship.

Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of our Company nor will they have any Board representation in our Company. To the best knowledge of our Company, each of Cornerstone Investors (and, for Cornerstone Investors who will subscribe for our Offer Shares through a QDII, each of such QDIIs), other than Orchid Asia CIL which is an existing Shareholder, (i) is an Independent Third Party and is not our connected person, (ii) is independent of other Cornerstone Investors, our Group, our connected persons and their respective associates, and are not existing shareholders or close associates of our Group, (iii) is not financed by us, our Directors, chief executive, the Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates, and (iv) is not accustomed to take instructions from us, our Directors, chief executive, the Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them.

The Cornerstone Investors do not have any preferential rights compared with other public shareholders pursuant to the Cornerstone Investment Agreements. There are no side agreement or agreements between our Company and the Cornerstone Investors, or any benefit, directly or indirectly, conferred on the Cornerstone Investors by virtue of, or in relation to, the Cornerstone Placing other than our guaranteed allocation of the relevant Offer Shares following the principles as set out in the Guidance Letter HKEX-GL51-13 at the Offer Price.

As confirmed by each Cornerstone Investor, its subscription under the Cornerstone Placing would be financed by its own internal financial resources. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders or other regulatory authority is required for the relevant cornerstone investment as each of them has general authority to invest.

There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors and the consideration will be settled by the Cornerstone Investors before the Listing Date. The Offer Shares to be subscribed by the Cornerstone Investors may be affected by the reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in "The Structure of the Global Offering – The Hong Kong Public

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## CORNERSTONE INVESTORS

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Offering – Reallocation”. Details of the allocations to the Cornerstone Investors will be disclosed in the allotment results announcement in the Hong Kong Public Offering to be published on or around March 9, 2023.

If the total demand of Offer Shares in the Hong Kong Public Offering falls within the circumstances as set out in the section headed “The Structure of the Global Offering – The Hong Kong Public Offering – Reallocation” in this prospectus, the number of Offer Shares under the International Offering may be deducted to satisfy the public demand under the Hong Kong Public Offering. Further, the Overall Coordinators and the Company can adjust the allocation of the number of Offer Shares to be subscribed by the Cornerstone Investors in their sole and absolute discretion for the purpose of satisfying Rule 8.08(3) of the Listing Rules, which provides that no more than 50% of the shares in public hands on the Listing Date can be beneficially owned by the three largest public shareholders.

The table below sets forth details of the Cornerstone Placing:

Based on an Offer Price of HK\$16.98 (being the low-end of the Offer Price range)						
		Assuming the Over-Allotment Option is not exercised			Assuming the Over-Allotment Option is fully exercised	
		Approximate % of issued share capital immediately following the completion of the Global Offering			Approximate % of issued share capital immediately following the completion of the Global Offering	
Cornerstone Investor (each as defined below)	Subscription amount <i>(US\$ in million)</i>	Number of Offer Shares  <i>(Note 1)</i>	Approximate % of Offer Shares	Approximate % of Offer Shares	Approximate % of Offer Shares	Approximate % of Offer Shares
New China	10	4,623,000	7.75%	0.99%	6.74%	0.97%
Garland Glory	10	4,623,000	7.75%	0.99%	6.74%	0.97%
Orchid Asia CIL	4	1,849,000	3.10%	0.40%	2.70%	0.39%
Duke King	10	4,623,000	7.75%	0.99%	6.74%	0.97%
Hebang Group	10	4,623,000	7.75%	0.99%	6.74%	0.97%
<b>Total</b>	<b>44</b>	<b>20,341,000</b>	<b>34.12%</b>	<b>4.37%</b>	<b>29.67%</b>	<b>4.28%</b>



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## CORNERSTONE INVESTORS

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Based on an Offer Price of HK\$17.88 (being the mid-point of the  
Offer Price range)

Cornerstone Investor	Subscription amount <i>(US\$ in million)</i>	Number of Offer Shares	Approximate % of Offer Shares	Assuming the Over-Allotment Option is not exercised	Assuming the Over-Allotment Option is fully exercised	Approximate % of Offer Shares	Approximate completion of the Global Offering
				Approximate % of issued share capital immediately following the completion of the Global Offering	Approximate % of issued share capital immediately following the completion of the Global Offering		
New China	10	4,390,000	7.36%	0.94%	6.40%	0.92%	
Garland Glory	10	4,390,000	7.36%	0.94%	6.40%	0.92%	
Orchid Asia CIL	4	1,756,000	2.95%	0.38%	2.56%	0.37%	
Duke King	10	4,390,000	7.36%	0.94%	6.40%	0.92%	
Hebang Group	10	4,390,000	7.36%	0.94%	6.40%	0.92%	
<b>Total</b>	<b>44</b>	<b>19,316,000</b>	<b>32.40%</b>	<b>4.15%</b>	<b>28.17%</b>	<b>4.07%</b>	

Based on an Offer Price of HK\$18.78 (being the high-end of the  
Offer Price range)

Cornerstone Investor	Subscription amount <i>(US\$ in million)</i>	Number of Offer Shares	Approximate % of Offer Shares	Assuming the Over-Allotment Option is not exercised	Assuming the Over-Allotment Option is fully exercised	Approximate % of Offer Shares	Approximate completion of the Global Offering
				Approximate % of issued share capital immediately following the completion of the Global Offering	Approximate % of issued share capital immediately following the completion of the Global Offering		
New China	10	4,179,500	7.01%	0.90%	6.10%	0.88%	
Garland Glory	10	4,179,500	7.01%	0.90%	6.10%	0.88%	
Orchid Asia CIL	4	1,671,500	2.80%	0.36%	2.44%	0.35%	
Duke King	10	4,179,500	7.01%	0.90%	6.10%	0.88%	
Hebang Group	10	4,179,500	7.01%	0.90%	6.10%	0.88%	
<b>Total</b>	<b>44</b>	<b>18,389,500</b>	<b>30.85%</b>	<b>3.95%</b>	<b>26.82%</b>	<b>3.87%</b>	

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## CORNERSTONE INVESTORS

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*Note:*

- (1) Subject to rounding down to the nearest whole board lot of 500 Shares. Calculated based on the exchange rate as set out in the section headed “Information about this prospectus and the Global Offering – Exchange Rate Translations” in this prospectus.

### THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investor in connection with the Cornerstone Placing.

#### **New China**

New China Asset Management (Hong Kong) Limited (新華資產管理(香港)有限公司) (“**New China**”), in its capacity as investment manager acting as agent on behalf of its discretionary account(s), has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 500 Shares) which may be subscribed with an aggregate amount of US\$10 million at the Offer Price (excluding brokerage, SFC transaction levy, AFRC Transaction Levy and Stock Exchange trading fee).

New China was established and jointly held by New China Asset Management Co., Ltd. (“**NCAM**”) and New China Life Insurance Company Ltd. (“**NCL**”) as to 60% and 40%, respectively. New China is the offshore asset allocation and investment platform of NCL. Controlled by Central Huijin Investment Ltd., NCL is a nationwide life insurance company with leading market share in the life insurance sector. NCL was dual-listed in the Hong Kong Stock Exchange and Shanghai Stock Exchange in December 2011 (stock code: HK.1336; SH.601336). NCAM was established in July 2006 as a dedicated asset management firm, and over 99% of its shares are controlled by NCL. NCAM’s business scope includes management of proprietary and insurance funds; discretionary mandates; advisory services related to asset management business; and management of other assets permitted by laws and regulations.

#### **Garland Glory**

Garland Glory Holdings Limited (“**Garland Glory**”), has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 500 Shares) which may be subscribed with an aggregate amount of US\$10 million at the Offer Price (excluding brokerage, SFC transaction levy, AFRC Transaction Levy and Stock Exchange trading fee).

Garland Glory is the controlling shareholder of China Feihe Limited (“**China Feihe**”), a Chinese brand infant milk formula company listed on the Stock Exchange (stock code: 6186). Garland Glory is ultimately wholly owned by Mr. Leng Youbin (冷友斌), the chairman and chief executive officer of China Feihe, and an Independent Third Party.

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## CORNERSTONE INVESTORS

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### **Orchid Asia CIL**

Orchid Asia V Co-Investment, Limited (“**Orchid Asia CIL**”) has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 500 Shares) which may be subscribed with an aggregate amount of US\$4 million at the Offer Price (excluding brokerage, SFC transaction levy, AFRC Transaction Levy and Stock Exchange trading fee).

Orchid Asia CIL is an existing Shareholder. It is a limited liability company incorporated under the law of Cayman Islands, is ultimately beneficially controlled by Ms. Lam Lai Ming (林麗明), and is controlled by Mr. Gabriel Li (李基培) by virtue of his directorship therein. Mr. Li is currently a director of Trip.com Group Limited (stock code: 9961.HK) and Qeeka Home (Cayman) Inc.(stock code: 1739.HK). Ms. Lam Lai Ming is spouse of Mr. Gabriel Li.

### **Duke King**

Duke King Holdings Limited (“**Duke King**”), has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 500 Shares) which may be subscribed with an aggregate amount of US\$10 million at the Offer Price (excluding brokerage, SFC transaction levy, AFRC Transaction Levy and Stock Exchange trading fee).

Duke King is ultimately wholly owned by a family trust with the beneficiaries being Mr. Ma Jie (馬杰), and his immediate family members, each of whom is an Independent Third Party.

### **Hebang Group**

Sichuan Hebang Investment Group Co., Ltd. (四川和邦投資集團有限公司) (“**Hebang Group**”) has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 500 Shares) which may be subscribed with an aggregate amount of US\$10 million at the Offer Price (excluding brokerage, SFC transaction levy, AFRC Transaction Levy and Stock Exchange trading fee).

Hebang Group was established on August 5, 1993, and operates in a diverse range of industries, including chemistry, agriculture and energy. Hebang Group currently holds two listed companies, namely Sichuan Hebang Biotechnology Co., Ltd. (四川和邦生物科技股份有限公司) (stock code: 603077) and Leshan Giantstar Farming&Husbandry Corporation Limited (樂山巨星農牧股份有限公司) (stock code: 603477) which are listed on the Shanghai Stock Exchange. Other principal entities held by Hebang Group include Leshan Hebang Agricultural Technology Co., Ltd. (樂山和邦農業科技有限公司), Sichuan Wujun Solar Energy Co., Ltd. (四川武駿光能股份有限公司), Sichuan Hebang Salt Mine Co., Ltd. (四川和邦鹽礦有限公司) and Sichuan Hebang Group Leshan Jixiang Coal Industry Co., Ltd. (四川和邦集團樂山吉祥煤業有限責任公司).

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## CORNERSTONE INVESTORS

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Hebang Group is directly held as to 99% and 1% by Mr. He Zhenggang (賀正剛), being the chairman of Hebang Group and an Independent Third Party, and Mr. He Zhengqun (賀正群), an Independent Third Party, respectively. For the purpose of this cornerstone investment, Hebang Group has engaged Orient Fund Management Co., Ltd (東方基金管理股份有限公司), an asset manager which is a QDII and an Independent Third Party, to subscribe for and hold such Offer Shares on behalf of Hebang Group.

### CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (a) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon between our Company and the Overall Coordinators (on behalf of themselves and the Underwriters);
- (c) the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no applicable laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the representations, warranties, undertakings, confirmations and acknowledgements of such Cornerstone Investor under the respective Cornerstone Investment Agreements are accurate and true in all respects and not misleading and that there is no material breach of such Cornerstone Investment Agreement on the part of such Cornerstone Investor.

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## CORNERSTONE INVESTORS

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### RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six (6) months from the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons will have an interest or a short position in our Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO and will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of shareholder	Nature of interest	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Capitalization Issue and the Global Offering <sup>(1)</sup>	
		Number	Percentage	Number	Percentage
Mr. Chen Wenbin	Interest in controlled corporations <sup>(2)</sup> , interest held jointly with other persons <sup>(5)</sup>	59,985	73.85%	299,925,000	64.39%
Coreworth	Beneficial interest	20,000	24.62%	100,000,000	21.47%
Embrace Investments	Beneficial interest	8,123	10.00%	40,615,000	8.72%
Mr. Yan Ming	Interest in controlled corporations <sup>(3)</sup> , interest held jointly with other persons <sup>(5)</sup>	59,985	73.85%	299,925,000	64.39%
Harmony Creek	Beneficial interest	16,862	20.76%	84,310,000	18.10%
Ms. CHEN NINGFENG	Interest in controlled corporations <sup>(4)</sup> , interest held jointly with other persons <sup>(5)</sup>	59,985	73.85%	299,925,000	64.39%
Rich Horizon	Beneficial interest	15,000	18.47%	75,000,000	16.10%

*Notes:*

- (1) Assuming the Over-allotment Option is not exercised.
- (2) Mr. Chen Wenbin holds all the issued Shares in each of Coreworth and Embrace Investments. Under the SFO, Mr. Chen Wenbin is deemed to be interested in the 100,000,000 Shares and the 40,615,000 Shares held by Coreworth and Embrace Investments, respectively immediately following the completion of the Capitalization Issue and the Global Offering.
- (3) Mr. Yan Ming holds all the issued Shares in Harmony Creek. Under the SFO, Mr. Yan Ming is deemed to be interested in the 84,310,000 Shares held by Harmony Creek immediately following the completion of the Capitalization Issue and the Global Offering.

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## SUBSTANTIAL SHAREHOLDERS

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- (4) Ms. CHEN NINGFENG holds all the issued Shares in Rich Horizon. Under the SFO, Ms. CHEN NINGFENG is deemed to be interested in the 75,000,000 Shares held by Rich Horizon immediately following the completion of the Capitalization Issue and the Global Offering.
- (5) Each of Mr. Chen Wenbin, Mr. Yan Ming and Ms. CHEN NINGFENG has been acting in concert since January 1, 2018 and such arrangement was set out in the Concert Party Confirmation. As such, under the SFO, each of Mr. Chen Wenbin, Mr. Yan Ming and Ms. CHEN NINGFENG is deemed to be interested in the Shares held by each other.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

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*You should read the following discussion and analysis with our historical financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this prospectus. Our historical financial information has been prepared in accordance with HKFRS.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Risk Factors" and "Business."*

*Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.*

### OVERVIEW

We are an online investment decision-making solution provider in China with a focus on the online investor content service market. According to Frost & Sullivan, with total gross billing of RMB2,001.2 million and a market share of 5.9% in 2021, we were the second largest online investment decision-making solution provider in China. With gross billing of RMB1,390.7 million from our online high-end investor education services and online financial literacy education services and a market share of 11.2% in 2021, we were the largest online investor content service provider in China, according to the same source.

During the Track Record Period, we generated substantially all of our revenue from online high-end investor education services. We offer the following three services:

- **Online high-end investor education services:** For online high-end investor education services, we earn revenue by providing comprehensive education curricula and internet-based professional investment decision-making solution services, which are tailored for the mass affluent class in China of individual investors with a balance of investible securities equal to or above RMB300,000 or typically an average annual household/individual income within RMB500,000. Our online high-end investor education services primarily include pre-recorded online courses, livestreaming broadcasts, express market reviews, as well as various premium services such as one-on-one advisory services for a fixed fee.



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- **Financial information software services:** For financial information software services, we provide professional, timely and broad financial market related information, data analysis, and investment decision-making support to customer with greater investment experience and more complex needs during the subscription period for a fixed fee.
- **Online financial literacy education services:** For online financial literacy education services, through providing online mini lecture modules and livestreaming modules, we provide financial knowledge and asset management skills for investment novices with basic or little financial market related knowledge and experience for a fixed fee.

We are one of the first companies in China to obtain a Securities Investment Advisory License to conduct our investment decision-making solutions services with a professional team. We have built a culture of compliance through years of prudent operations. As of October 31, 2022, we had 211 employees with the securities investment advisor qualification, ranking first among the 81 companies with Securities Investment Advisory Licenses, and 1,077 employees with the securities practitioner qualification. On May 22, 2021, we were elected as a member of the seventh term administrative committee of SAC.

We experienced significant growth during the Track Record Period. Our revenue increased from RMB274.2 million in 2019 to RMB708.7 million in 2020, and further to RMB1,451.9 million in 2021, representing a CAGR of 130.1%. Our revenue increased by 43.9% from RMB1,074.3 million for the ten months ended October 31, 2021 to RMB1,546.1 million for the ten months ended October 31, 2022. Our gross profit increased from RMB226.2 million in 2019 to RMB635.6 million in 2020 and further to RMB1,258.8 million in 2021, representing a CAGR of 135.9%. Our gross profit increased by 46.1% from RMB935.7 million for the ten months ended October 31, 2021 to RMB1,366.9 million for the ten months ended October 31, 2022.

We recorded net losses in 2019 because we invested plenty of resources in establishing our staff team, the development of our offerings and the traffic matrix operating. We turned around from a loss-bearing position in 2019 to a profit-making position in 2020, primarily because (i) the increase of our revenue greatly outpaced our cost of sales due to the economies of scale of our operations, (ii) the decrease of our research and development expenses as a percentage of our revenue, because we gradually shifted from external procurement of R&D results to investment in in-house R&D activities, which is more cost effective, and (iii) the decrease in general and administrative expenses as a percentage of revenue from 13.9% in 2019 to 11.2% in 2020, primarily due to the economics of scale. Our net profit increased by 167.9% from RMB86.7 million in the year ended December 31, 2020 to RMB232.3 million in the year ended December 31, 2021, primarily as a result of the increase in our revenue, which was attributable to (i) the increase in revenue from our online high-end investor education services, as we had an increase in the number of paying users and the average gross billing per paying user, and (ii) the increase in the revenue from financial information software services as our SmartInvest Info provided quality financial information and user experience and we adopted

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measures to increase our user base. Our net profit increased by 362.7% from RMB75.3 million for the ten months ended October 31, 2021 to RMB348.4 million for the ten months ended October 31, 2022, primarily as a result of the increase in our revenue, which was attributable to the increase in revenue from financial information software services.

We recorded net current liabilities and total deficits as of December 31, 2019 and 2020 primarily because there is a delay in recognition of revenue receipt of payment from our paying users upon subscription of our offerings during the subscription period, while the operating expenditures are recognized immediately as incurred. We recorded a net asset position as of December 31, 2021 and October 31, 2022, primarily as a result of the substantial increase in profit and total comprehensive income for 2021 and the ten months ended October 31, 2022.

### **FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

#### **The growth of the PRC financial market**

We are an online investment decision-making solution provider in China with a focus on the online investor content service market. Our results of operations have been and will continue to be influenced by the macro financial environment, as we provide investment decision-making solutions to our customers. Over the past few years, the PRC financial market has grown substantially. Driven by China's rapid economic growth, investors experience a growth of their investible assets and are expected to be increasingly attracted by earning a higher rate of return through financial market investment, and the number of individual investors is expected to increase steadily. According to Frost & Sullivan, the number of individual investors in China reached 196.9 million in 2021, and is expected to further increase to 280.0 million by 2026 at a CAGR of 7.6%. The individual investible financial assets per capita in China reached RMB0.1 million in 2021, and is expected to further increase to RMB0.2 million by 2026 at a CAGR of 6.4%. We believe the rapid development of the PRC financial market and the favorable political environment that encourages individual investors to invest will lead to more diversified investment choices of individual investors, generating higher demand for our services.

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### **The growth of the PRC online investment decision-making solution market**

According to Frost & Sullivan, the size of the PRC online investment decision-making solution market reached RMB34.0 billion in 2021, and is expected to further increase to RMB87.2 billion by 2026 at a CAGR of 20.7%. Individual investors have begun to diversify their investment portfolios to earn higher rate of return instead of relying on cash and deposits, resulting in increasing spending on online investment services.

We mainly provide online investor content services as well as financial information software services. According to Frost & Sullivan, the size of the online high-end investor education service market reached RMB4.3 billion in 2021, and is expected to further increase to RMB15.5 billion by 2026 at a CAGR of 29.2%. The size of the the individual investors' financial information software service market reached RMB7.4 billion in 2021, and is expected to further increase to RMB20.9 billion by 2026 at a CAGR of 23.2%. The size of the online financial literacy education service market reached RMB8.1 billion in 2021, and is expected to further increase to RMB19.1 billion by 2026 at a CAGR of 18.7%. We believe the growth of the PRC online investment decision-making industry is crucial to our business expansion.

### **Regulated and dynamic investment environment**

Our operations and business growth have been and will continue to be influenced by relevant regulations and policies, which aim to improve the financial market. Policies such as the Interim Provisions on the Securities Investment Advisory Business (《證券投資顧問業務暫行規定》) and the Measures for the Administration of Securities and Fund Investment Advisory Services (Draft for Comments) (《證券基金投資諮詢業務管理辦法(徵求意見稿)》), which aim to regulate the operation of the financial investment advisory service industry and promote the healthy development of the industry, help create a favorable environment for the online investor content service market. Policies such as Opinions on Further Promoting the Healthy Development of the Capital Market (《國務院關於進一步促進資本市場健康發展的若干意見》) issued by the State Council and Opinion Collection on Supervisions on Equity Fund Administrators (《公開募集證券投資基金管理人監督管理辦法(徵求意見稿)》) issued by the CSRC aim to promote the development of diversified financial products including futures, trusts and financial derivatives. Such policies help create a more regulated and dynamic financial investment environment, which, we believe, is favorable to individual investors, triggering a greater demand for our online investor content services.

The PRC regulatory authorities of financial market require relevant enterprises to establish flexible and reliable financial services IT infrastructures to further empower their business. In recent years, comprehensive regulatory policies have been adopted to regulate the PRC financial information software service market. In the future, financial regulatory agencies will supervise every financial information software platform through intelligent technologies, covering financial institutions and financial information providers serving individual and institutional investors. Under such policy regulations, leading financial information software

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providers will continue to invest heavily in R&D to improve the relevant IT infrastructures, which will further improve the collaborative efficiency of the industry and boost end users' confidence in the software services, benefitting the development of our financial information software services business.

### **Our ability to produce and broadcast our tailor-made content through continuous investment in technology and product innovation**

Our cutting-edge technology and market knowledge enables us to offer innovative content services, comprehensive customer services and customized user experience to our customers and optimize the service model of our business. We are committed to exploring innovative formats of course delivery and smooth user experience for our customers by flexibly combining multifarious formats like live broadcasts, recordings, text and images. We are widely recognized for our high-quality course contents, which provides our customers with superior learning experiences. We seek to broaden our offerings by developing full cycle investor education courses to attract potential customers, increase user traffic and expand our customer base. Our multi-tier services cater to the varying demands of different customers. Our products include online high-end investor education services, financial information software services and online financial literacy education services.

As of October 31, 2022, our online high-end investor education services had offered over 2,230 recorded video lessons with more than 55,820 minutes in total, and over 3,890 livestreaming broadcasts totaling over 109,670 minutes, under our standard and premium packages. Our service experience in high-end investor education courses enables us to enhance our research and development of software and online financial literacy education services. Our Smart Selection (會選股) App ranked ninth in terms of average MAU in 2021, among online financial services mobile Apps that are operated by parties independent from securities institutions. With strong technology capabilities and creative technology-enabled operation mode, we have built up our fully digitized financial information processing and analysis platform to connect information flow, data flow and our customers, based on underlying technologies including AI, cloud, big data and blockchain.

### **Our ability to attract potential customers through achieving multi-platform media coverage**

We have built up our professional brand through constant and high-quality traditional media broadcasting. We collaborate closely with the program production teams and are deeply involved in the production of professional finance TV programs. We have also cooperated with mainstream broadcasting media including CNR Business Radio and CBN Radio through advertising. We enhance user stickiness and attract new customers through high-quality contents published on emerging user traffic portals and building up our high-quality financial MCN channels. We believe that, with our ability to produce and broadcast content through technologies, we are able to efficiently produce quality contents and reach our target audience and accumulate users.

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We convert difficult and obscure financial and wealth management knowledge into interesting video and audio lessons to increase users' learning interests. We have been focusing on cultivating high-quality MCN channels to increase user stickiness and help convert users to customers. Through our continuous investment in multi-platform promotion and investor education, we strive to cater to the varying investor habits of receiving investment related information. We operate around our traffic matrix covering a variety of media platforms such as MCN channels, internet terminals and traditional media. As of December 31, 2022, we had a total of 245 accounts operated by MCNs on various internet platforms with approximately 36.0 million followers. For the 30 days ended December 31, 2022 alone, we obtained approximately 133.4 million video or page views and approximately 1.8 million interactions. For the 30 days ended December 31, 2022, we delivered/published 1,166 live broadcasts through 60 video accounts with total duration of 92,338 minutes, viewership of 17.7 million and interactions of 45.9 million. As of October 31, 2022, our Smart Selection (會選股) App had approximately 4.0 million registered users. As of October 31, 2022, we recorded more than 3.5 million average monthly page views of our embedded features built in Baidu and 360 search engines for the previous 12 months. Our collaborated TV programs were watched by an average of approximately 2.0 million viewers on a daily basis in 2021. We believe that our ability to attract potential customers through achieving multi-platform media coverage is of vital importance, and have been continuously investing in products and technologies to strengthen such ability.

### **Our ability to manage operating expenses**

We deem operating expense management as vital in ensuring our financial results. We have historically focused on driving high revenue growth, and our operating expenses have grown generally in line with our revenue growth. Expenses of our operations mainly consist of sales and marketing expenses, research and development expenses, and general and administrative expenses. The aggregate amount of our sales and marketing expenses, research and development expenses, and general and administrative expenses increased by 108.0% from RMB313.0 million in 2019 to RMB651.1 million in 2020, and further by 83.3% to RMB1,193.7 million in 2021, while our revenue increased by 158.4% and 104.9% during the same periods, respectively. The aggregate amount of our sales and marketing expenses, research and development expenses, and general and administrative expenses increased by 20.4% from RMB937.2 million in the ten months ended October 31, 2021 to RMB1,128.3 million in the same period in 2022, while our revenue grew by 43.9% in the same periods. Going forward, as we continue to rapidly expand our business network, our profitability will largely depend on our ability to effectively control our staff cost, software development expenses and internet traffic procurement expenses by implementing various measures such as improving the efficiency of individual sales and marketing employees, continuous improvement of utilization of our central traffic matrix, and taking advantage of the economy of scale in line with the growth of our business scale. Particularly, through producing quality contents, optimizing content distribution strategies as well as cultivating KOLs, we seek to better manage our internet traffic procurement expenses in the future.

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### EFFECTS OF THE COVID-19 OUTBREAK ON OUR BUSINESS

Since the end of December 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. In response, countries and regions across the world, including China, have imposed widespread lockdowns, closure of workplaces and restrictions on mobility and travel to contain the spread of the virus. As of the end of 2020, almost all of the Chinese cities had eased or lifted domestic travel restrictions and resumed normal social activities, business, work and production.

Since late July 2021, the delta variant of COVID-19 has recurred in several provinces across China. In March 2022, the Shanghai government issued a city-wide lockdown to contain the COVID-19 outbreak (the “**Shanghai Lockdown**”). Pursuant to the lockdown arrangements, we arranged the employees of our Shanghai office to work from home from April 1, 2022 to May 31, 2022 (the “**Shanghai Lockdown Period**”). We proactively took measures to mitigate the impact of the Shanghai Lockdown to our employees and business. For example, (i) we provided laptops to our employees and enabled software for installation to facilitate our employees to work remotely; (ii) we provided mental health counseling services to our employees to take care of their mental wellbeing; and (iii) we provided necessities to our employees to accommodate their living needs.

In addition, we switched our focus from online financial literacy education services to the other two offerings since 2022, and strategically lowered our promotion efforts on the standard version and focused more on the premium/deluxe version of our financial information software services since 2022, as we believe price sensitive customers may be more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic. As a result, the number of paying users of online financial literacy education services and financial information software services had a significant decrease in the ten months ended October 31, 2022, compared to that of the same period in 2021. See “Business – Our Offerings – Online Financial Literacy Education Services” and “Business – Our Offerings – Financial Information Software Services”.

Despite the above, our revenue, total gross billing and the average gross billing per paying user were not materially and adversely affected. Our revenue increased from RMB1,074.3 million in the ten months ended October 31, 2021 to RMB1,546.1 million in the same period in 2022. Our total gross billing and average gross billing per paying user in the ten months ended October 31, 2022 increased by 2.4% and 81.8%, respectively, compared to the same in the ten months ended October 31, 2021.

Since December 2022, the PRC government has started to relax some of its restrictive measures nationwide. Many regions are experiencing a temporary surge in infection cases. In the month ended December 31, 2022, 1,632 of our employees have informed us that they were infected, representing 68.7% of our total employees as of December 31, 2022. However, the surge in COVID-19 infections since December 2022 has not materially impacted our business operations and financial performance as the majority of our infected employees recovered and

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returned to office within approximately one week of infection. Our total gross billing in 2022 remained relatively stable compared to the same in 2021 and our revenue is expected to continually increase in 2022 compared to the same in 2021.

Based on the foregoing, our Directors confirmed that, the COVID-19 pandemic did not have any material adverse impact on our business and results of operations during the Track Record Period and up to the Latest Practicable Date, and is not expected to bring any permanent or material interruption to our operations.

The recurrence of COVID-19 and the restriction measures taken by the government may change the outlook for the macro economy, resulting in more volatility of overall financial market and weakening investment willingness of the investors in the short term, which in turn may cause a temporary decrease in customer demand for our investment decision-making solutions.

Particularly, our online financial literacy education services and financial information software services may suffer more from such volatilities and uncertainties, as they both are at their respective early stages of acquiring customers and primarily target at a broader base of individual investors who may be more susceptible to economy downturns. According to Frost & Sullivan, in the long term, considering factors such as the increasing demand for financial education and content service for personal wealth management and continuous improvement on intelligent level of financial information software services, the online investment decision-making solution market is expected to maintain the upward growth trend, reaching RMB87.2 billion by 2026, at a CAGR of 20.7% from 2021.

Although the recurrence did not impose any material adverse impact on our business operations and financial performance, there is no guarantee that the prolonged pandemic will not affect the demand for our offerings and our operations in the future. Should China experience a further outbreak, it may again take emergency measures, including travel restrictions, mandatory cessations of business operations, mandatory quarantines, work-from-home and other alternative working arrangements, and limitations on social and public gatherings and lockdowns of cities or regions, which may impact the financial market and our business. Our results of operations and combined financial position for 2022 will depend on the future development of the outbreak, including its local and global severity and actions taken to contain it, which are highly uncertain and unpredictable. See “Risk Factors – Risks relating to Our Business and Industry – A sustained outbreak of the COVID-19 pandemic could have a material adverse impact on our business, operating results and financial condition.”

### **BASIS OF PREPARATION**

The historical financial information has been prepared in accordance with all applicable HKFRS whose collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Further details of the significant accounting policies adopted are set out in Note 2 of the Accountants’ Report in

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Appendix I. The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this historical financial information, we have consistently applied all applicable new and revised HKFRS to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2021.

The historical financial information has been prepared under the going concern basis.

### **SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in details in Notes 2 and 3 of the Accountants' Report in Appendix I to this prospectus.

#### **Significant Accounting Policies**

##### ***Revenue recognition***

Income is classified by us as revenue when it arises from the provision of services in the ordinary course of our business.

Revenue is recognized when service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which



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provides a significant financing benefit to us, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. We take advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of our revenue and other income recognition policies are as follows:

### *Online investment decision-making solution services*

For online high-end investor education services, we earn revenue by providing comprehensive education curricula and internet-based professional investment decision-making solution services, which are tailored for the mass affluent class, during the subscription period for a fixed fee. The services include pre-recorded courses, livestreaming broadcasts, express market reviews, as well as various premium services such as one-on-one advisory services. The revenues are recognized during the subscription period on a straight-line, time-elapsed basis.

For financial information software services, we provide professional, timely and broad financial market related information, data analysis, and investment decision-making support to customers with greater investment experience and more complex needs during the subscription period for a fixed fee. The revenues are recognized during the subscription period on a straight-line, time-elapsed basis.

For online financial literacy education services, we provide financial knowledge and asset management skills for novice investors with basic or little financial market related knowledge and experience during the subscription period for a fixed fee. The revenues are recognized during the programs period on a straight-line, time-elapsed basis.

### *Dividends*

Dividends income from equity investments is recognized when the investor's right to receive payment is established.

### *Government grants*

Government grants are recognized in the consolidated statements of financial position initially when there is a reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are deducted from the carrying amount of the assets and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

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### **Contract liabilities**

A contract liability is recognized when a payment is received from a customer before we transfer the related services. Contract liabilities are recognized as revenue when we perform under the contract. The customers are entitled to the refund of payments in relation to the proportionate services not yet rendered. The refund to customers will be accounted for as a decrease in the contract liabilities.

### **Other investments in debt and equity securities**

Investments in debt and equity securities are recognized/derecognized on the date we commit to purchase/sell the investments. Investments in debt and equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how we determine fair value of financial instruments, see note 23(f) to the Accountants' Report as set out in Appendix I to this prospectus. These investments are subsequently accounted for as follows, depending on their classification:

#### ***Investments other than equity investments***

Non-equity investments held by us are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

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### *Equity investments*

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment we make an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income in accordance with the policy set out in Note 2(p)(iv) to the Accountants' Report as set out in Appendix I to this prospectus.

### *Income tax*

Income tax for the year comprises of current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax assets can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and

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credit, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, we control the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if we have the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, we intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either; or
- the same taxable entity; or
- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

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### Critical Accounting Estimates and Judgments

#### *Recognition of income taxes and deferred tax assets*

Determining income tax provision involves judgment on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognized in respect of deductible temporary differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss, with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Revenue	274,222	100.0	708,675	100.0	1,451,922	100.0	1,074,307	100.0	1,546,087	100.0
Cost of sales	(47,994)	(17.5)	(73,045)	(10.3)	(193,110)	(13.3)	(138,568)	(12.9)	(179,219)	(11.6)
<b>Gross profit</b>	<b>226,228</b>	<b>82.5</b>	<b>635,630</b>	<b>89.7</b>	<b>1,258,812</b>	<b>86.7</b>	<b>935,739</b>	<b>87.1</b>	<b>1,366,868</b>	<b>88.4</b>
Other income	14,606	5.3	71,199	10.0	237,568	16.4	138,854	12.9	143,252	9.3
Sales and marketing expenses	(130,823)	(47.7)	(371,600)	(52.4)	(855,927)	(59.0)	(699,154)	(65.1)	(809,887)	(52.4)
Research and development expenses	(144,082)	(52.5)	(200,265)	(28.3)	(194,157)	(13.4)	(128,654)	(12.0)	(191,533)	(12.4)
General and administrative expenses	(38,058)	(13.9)	(79,208)	(11.2)	(143,653)	(9.9)	(109,360)	(10.2)	(126,836)	(8.2)
<b>(Loss)/profit from operations</b>	<b>(72,129)</b>	<b>(26.3)</b>	<b>55,756</b>	<b>7.9</b>	<b>302,643</b>	<b>20.8</b>	<b>137,425</b>	<b>12.7</b>	<b>381,864</b>	<b>24.7</b>
Finance costs	-	-	-	-	(1,765)	(0.1)	(1,442)	(0.1)	(1,974)	(0.1)
<b>(Loss)/profit before taxation</b>	<b>(72,129)</b>	<b>(26.3)</b>	<b>55,756</b>	<b>7.9</b>	<b>300,878</b>	<b>20.7</b>	<b>135,983</b>	<b>12.6</b>	<b>379,890</b>	<b>24.6</b>
Income tax (expense)/benefit	14,289	5.2	30,926	4.4	(68,547)	(4.7)	(60,681)	(5.6)	(31,487)	(2.1)
<b>(Loss)/profit for the year/period</b>	<b>(57,840)</b>	<b>(21.1)</b>	<b>86,682</b>	<b>12.2</b>	<b>232,331</b>	<b>16.0</b>	<b>75,302</b>	<b>7.0</b>	<b>348,403</b>	<b>22.5</b>

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	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
<b>Attributable to:</b>										
Equity shareholders of the										
Company	(57,574)	(21.0)	86,144	12.2	232,178	16.0	75,149	7.0	348,403	22.5
Non-controlling interests	(266)	(0.1)	538	0.1	153	0.0	153	0.0	-	-
<b>(Loss)/profit for the year/period</b>	<b><u>(57,840)</u></b>	<b><u>(21.1)</u></b>	<b><u>86,682</u></b>	<b><u>12.2</u></b>	<b><u>232,331</u></b>	<b><u>16.0</u></b>	<b><u>75,302</u></b>	<b><u>7.0</u></b>	<b><u>348,403</u></b>	<b><u>22.5</u></b>

### DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

#### Revenue

During the Track Record Period, we generated revenue from online high-end investor education services, financial information software services and online financial literacy education services. We operated our businesses in China, and all of our revenue was generated from customers in China.

We experienced a fast growth in both our gross billings and revenue during the Track Record Period. Gross billing represents fees received from customers which are generally paid in advance prior to the beginning of subscription period, while revenue is net of tax and recognized during the subscription period on a straight-line and time-elapsing basis. In 2019, 2020 and 2021, our revenue was RMB274.2 million, RMB708.7 million and RMB1,451.9 million, respectively. For the ten months ended October 31, 2021 and 2022, our revenue was RMB1,074.3 million and RMB1,546.1 million, respectively.

We experienced a fast growth in our revenue scale from 2019 to 2021 primarily due to the increase in the number of our paying users during the period, which increased from 13,089 in 2019 to 32,402 in 2020 and further to 110,450 in 2021. Our revenue increased in the ten months ended October 31, 2021 compared to the same period in 2022, primarily due to the increase in the average gross billing per paying user, while the number of our paying users decreased from 95,952 in the ten months ended October 31, 2021 to 53,895 in the same period in 2022. The increase in the number of our paying users from 2019 to 2021 and the increase in average gross billing per paying user in the ten months ended October 31, 2022 were primarily driven by the following:

- (i) Our adoption of traffic matrix as a primary method for customer acquisition and conversion shortly after establishment of our business. We started our business in April 2018 and recorded a relatively small revenue in that year. We started to invest in and operate our traffic matrix of various media channels in 2019. Our internet traffic procurement expenses, as part of our sales and marketing expenses, increased

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from RMB67.7 million in 2019 to RMB271.6 million in 2020, and further to RMB640.0 million in 2021, and increased from RMB534.0 million for the ten months ended October 31, 2021 to RMB661.6 million for the ten months ended October 31, 2022. Production and distribution of quality contents on a variety of media platforms help us to lay down a broad base of potential customers. Through identifying the demands of, delivering customized advertisements to, as well as offering suitable products and services to our potential customers, we have achieved effective customer acquisition and customer conversion.

Along with our efforts in operating traffic matrix of various media, our paying users increased from 13,089 in 2019 to 32,402 in 2020, and further to 110,450 in 2021. In the ten months ended October 31, 2022, while the average gross billing per paying user increased compared to the same period in 2021, the number of our paying users decreased from 95,952 in the ten months ended October 31, 2021 to 53,895 in the same period in 2022, primarily due to:

- (i) the decrease in the number of paying users of financial information software which was because (a) we held many promotions and discount events to attract new customers to the standard version of financial information software services (which was at a relatively affordable price compared to the premium/deluxe version) in 2021, resulting in an increase in the number of users who purchased the standard version and a lower average gross billing per paying user in the ten months ended October 31, 2021; and (b) we strategically lowered our promotion efforts on the standard version and focused more on the premium/deluxe version since 2022 considering that price sensitive customers may be more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, resulting in a decrease in the number of users who purchased the standard version and more users purchasing the premium/deluxe version and a higher average gross billing per paying user in the ten months ended October 31, 2022; and
- (ii) the decrease in the number of paying users of online financial literacy education services which was mainly because we switched our focus to the other two offerings since 2022 as we believe the target customers of online financial literacy education services were more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, and the gross billing of online financial literacy education services contributed less than 0.1%, 0.9%, 1.2% and less than 0.1% of our total gross billing in 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively. See “Business – Strengthen our market leadership through expansion in financial information software services and continuous focus on online investor content service market” and “Business – Our Business Model.”

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- (iii) Our continuous innovation and expansion of offerings. We were devoted to research and development to enrich our offerings and improve user experience, and incurred research and development expenses of RMB144.1 million in 2019, RMB200.3 million in 2020, RMB194.2 million in 2021 and RMB191.5 million in the ten months ended October 31, 2022. As a result, under the standard and premium packages of our online high-end investor education services, as of October 31, 2022, we had offered over 2,230 recorded video lessons with the total duration of over 55,820 minutes, and over 3,890 live broadcasting video lessons, totaling over 109,670 minutes in duration. In addition to the standard and premium packages of our online high-end investor education services, we launched online financial literacy education services and financial information software services since December 2020 and the start of 2021, representing our efforts to address the evolving needs of individual investors in the market. For 2021 and the ten months ended October 31, 2022, we recorded a revenue of RMB1,451.9 million and RMB1,546.1 million, respectively, and we had 62,832 and 23,190 paying users for financial information software services, which was attributable to our SmartInvest Info providing quality financial information and user experience and our adopting measures to attract customers.
- (iv) A strong and professional team dedicated to research activities and content production. We believe talents serve as the foundation for provision of quality products and satisfied services. We are dedicated to building and expanding our professional team to enrich our product offerings. As of October 31, 2022, we had amassed a group of content development and production team of 366 members to search, collect and design contents. As of October 31, 2022, our product development team, Jiufang Research Institute, had 115 professionals with various experience in research, investment and other financial fields. As of October 31, 2022, 1,077 of our full-time employees across different departments had obtained the securities practitioner qualification issued by SAC and were qualified as securities practitioners, among which 211 had further obtained the securities investment advisor qualification. As of October 31, 2022, we had 37 certified lecturers for our online high-end investor education services and 24 certified lecturers for our financial information software services, and among them, we had 15 certified lecturers for both online high-end investor education services and financial information software services.
- (v) Dynamic investment environment in the PRC with favorable policy support. In recent years, several policies were released to promote an orderly investment environment in China, encouraging individual investors to pay more attention to financial investment, such as Opinions on Further Promoting the Healthy Development of the Capital Market (《國務院關於進一步促進資本市場健康發展的若干意見》) issued by the State Council and the Supervisions on Equity Fund Administrators (《公開募集證券投資基金管理人監督管理辦法》) issued by the CSRC aim to promote the development of diversified financial products including



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futures, trusts and financial derivatives. Moreover, with the adoption of registration-based system for initial public offerings in China, China's stock market went through evolutionary development during recent years, during which more investors would like to get engaged in securities trading, resulting in increases in the trading volume of China's stock market and the number of individual securities trading accounts over the years. Such a trend potentially increase the demands for our products and enlarge our customer base.

The following table sets forth a breakdown of our revenue, by absolute amounts and as percentages of our total revenues, for the periods indicated, respectively:

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Online high-end investor education services	274,222	100.0	708,624	100.0	1,149,307	79.2	894,367	83.3	954,461	61.7
Financial information software services	-	-	-	-	288,126	19.8	168,782	15.7	589,434	38.2
Online financial literacy education services	-	-	51	0.0	14,489	1.0	11,158	1.0	2,192	0.1
<b>Total</b>	<b><u>274,222</u></b>	<b><u>100.0</u></b>	<b><u>708,675</u></b>	<b><u>100.0</u></b>	<b><u>1,451,922</u></b>	<b><u>100.0</u></b>	<b><u>1,074,307</u></b>	<b><u>100.0</u></b>	<b><u>1,546,087</u></b>	<b><u>100.0</u></b>

### ***Online high-end investor education services***

We started offering online high-end investor education services in 2018. We provide our online high-end investor education services in three major series of standard packages. In addition to our standard packages, we also provide one series of premium package to customers subscribing to our premium series. The standard price for each of the three major series of our standard packages is RMB29,800 per six months. The standard price for the series of our premium package is RMB69,800 per three months, or RMB139,600 per six months. In 2019, 2020 and 2021, revenue from our online high-end investor education services was RMB274.2 million, RMB708.6 million and RMB1,149.3 million, respectively. For the ten months ended October 31, 2021 and 2022, revenue from our online high-end investor education services was RMB894.4 million and RMB954.5 million, respectively.

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### *Financial information software services*

We developed and launched our financial information software services from the start of 2021. We charge subscription fees for our financial information software services. As of October 31, 2022, the standard prices for the standard version, premium version and deluxe version were RMB5,800 per year, RMB28,800 per six months and RMB68,800 per six months, respectively. In the year ended December 31, 2021 and the ten months ended October 31, 2022, our revenue from the financial information software services amounted to RMB288.1 million and RMB589.4 million, respectively.

### *Online financial literacy education services*

Since December 2020, we have been exploring and developing our online financial literacy education services as a new offering. The standard price for our online financial literacy education services is RMB6,980 per three months. For the year ended December 31, 2021 and the ten months ended October 31, 2022, the revenue from our online financial literacy education services was RMB14.5 million and RMB2.2 million, respectively.

### **Cost of Sales**

Our cost of sales mainly consists of (i) staff cost, the majority of which was incurred in the content development and production team, as well as service and operation team which primarily provides support to our front desk staff; (ii) platform transaction cost, which primarily refers to the transaction processing fees charged by payment service providers in our daily operations; and (iii) financial information procurement cost, which was incurred by purchasing data from certain stock exchanges.

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

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Staff cost	46,479	96.8	68,382	93.6	176,243	91.3	125,309	90.4	169,950	94.8
Platform transaction cost	1,515	3.2	4,352	6.0	9,053	4.7	6,649	4.8	5,400	3.0
Financial information procurement cost	-	-	311	0.4	7,814	4.0	6,610	4.8	3,869	2.2
<b>Total</b>	<b>47,994</b>	<b>100.0</b>	<b>73,045</b>	<b>100.0</b>	<b>193,110</b>	<b>100.0</b>	<b>138,568</b>	<b>100.0</b>	<b>179,219</b>	<b>100.0</b>

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During the Track Record Period, we incurred substantial staff cost, which primarily consisted of employees' salaries, wages and other benefits. Our staff cost had an ascending trend during the Track Record Period, which was primarily due to the increase in the number of staff in our content development and production team and operation team that supported the expanding operations of our traffic matrix and the demands of the rapidly increasing number of customers. Our platform transaction cost primarily consisted of the processing fee of China UnionPay, a payment processing platform which connected to the various payment channels that we enabled for customers to make payment. China UnionPay charges us at different rates depending on the payment channels that customers use; the average fee rate for all the transactions that were processed through China UnionPay during the Track Record Period was approximately 0.5%.

### **Gross Profit and Gross Margin**

Gross profit represents our revenue less cost of sales. Gross margin represents gross profit as a percentage of revenue. In 2019, 2020 and 2021, our gross profit was RMB226.2 million, RMB635.6 million and RMB1,258.8 million, respectively, and our gross margin was 82.5%, 89.7% and 86.7%, respectively. For the ten months ended October 31, 2021 and 2022, our gross profit was RMB935.7 million and RMB1,366.9 million, respectively, and our gross margin was 87.1% and 88.4%, respectively.

### **Other Income**

Our other income primarily consists of (i) government grants, including VAT refund and other government grants, (ii) gain on software copyright transfer, (iii) net realized and unrealized gains/(loss) from financial assets at fair value through profit or loss, (iv) advertisement income, (v) rental income, and (vi) gain on disposal of intangible assets.

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The following table sets forth a breakdown of our other income, by absolute amounts and as percentages of our total other income, for the periods indicated, respectively:

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Government grants										
- VAT refund <sup>(1)</sup>	-	-	47,316	66.5	134,997	56.8	101,138	72.8	87,655	61.2
- Other government grants <sup>(2)</sup>	1,597	10.9	6,766	9.5	12,382	5.2	5,489	4.0	10,427	7.3
Gain on software copyright transfer <sup>(3)</sup>	-	-	-	-	54,461	22.9	1,338	1.0	24,786	17.3
Net realized and unrealized gains from financial assets at fair value through profit or loss	5,011	34.3	13,924	19.6	22,417	9.4	19,362	13.9	18,770	13.1
Advertisement income <sup>(4)</sup>	6,830	46.7	739	1.0	2,239	0.9	2,163	1.6	62	0.0
Rental income	857	5.9	454	0.6	56	0.0	56	0.0	-	-
Gain on disposal of intangible assets	-	-	254	0.4	7,670	3.2	7,670	5.5	-	-
Gain on disposal of investment properties	-	-	-	-	1,371	0.6	1,371	1.0	-	-
Interest income	302	2.1	25	0.0	105	0.0	34	0.0	133	0.1
Others	9	0.1	1,721	2.4	1,870	1.0	233	0.2	1,419	1.0
<b>Total</b>	<b>14,606</b>	<b>100.0</b>	<b>71,199</b>	<b>100.0</b>	<b>237,568</b>	<b>100.0</b>	<b>138,854</b>	<b>100.0</b>	<b>143,252</b>	<b>100.0</b>

*Notes:*

- (1) To be qualified to receive VAT refund, subject to the examination and approval of the competent tax authority, we typically need to be recognized as a taxpayer who sells self-developed software products, have taxable income from self-developed software products, have obtained the inspection and testing certification materials issued by a software inspection and testing institution recognized by the provincial software industry administrative department, have obtained a Computer Software Copyright Registration Certificate issued by the copyright administrative department, and submit the VAT refund application for approval when the output VAT on software products in the current period exceeds the deductible input VAT on software products in the current period. We expect to continue to be qualified to enjoy the tax benefit of VAT refund and receive VAT refund as long as we continue to file tax return of VAT on a monthly basis and meet the related requirements. See “Regulatory Overview” and “– Results of Operations – Comparisons between 2021 and 2020 – Other Income.”
- (2) Other government grants primarily consist of financial support funds from the finance bureau, personal income tax handling fees refund, additional deduction of input VAT and subsidies for stabilizing employment. The award of such government grants primarily is tied to our contribution to the local economies, including the taxation, subject to relevant policies. We expect to continue to receive such government grants while the relevant polices remain in force.

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- (3) Gain on software copyright transfer in 2021 was primarily in relation to the sale of software to certain related party companies.
- (4) Advertisement income primarily consists of income from our provision of content production and marketing services.

### Sales and Marketing Expenses

Our sales and marketing expenses mainly comprise internet traffic procurement expenses and staff cost in relation to our sales and marketing staff.

The table below sets forth a breakdown of our sales and marketing expenses in absolute amounts and as percentages of our total sales and marketing expenses for the periods indicated, respectively:

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Internet traffic procurement expenses	67,744	51.8	271,612	73.1	640,018	74.8	534,043	76.4	661,634	81.7
Staff cost	63,079	48.2	99,988	26.9	215,909	25.2	165,111	23.6	148,253	18.3
<b>Total</b>	<b><u>130,823</u></b>	<b><u>100.0</u></b>	<b><u>371,600</u></b>	<b><u>100.0</u></b>	<b><u>855,927</u></b>	<b><u>100.0</u></b>	<b><u>699,154</u></b>	<b><u>100.0</u></b>	<b><u>809,887</u></b>	<b><u>100.0</u></b>

During the Track Record Period, we incurred substantial internet traffic procurement expenses as we invested in traffic matrix establishment and operation by procuring Internet traffic from media platforms or traffic agencies as a part of our marketing efforts to support our business development.

### Research and Development Expenses

Our research and development expenses comprise expenses, including (i) software commissioned development expenses; and (ii) staff cost incurred in performing research and development activities. During the Track Record Period, we expensed all research and development expenses as incurred and did not capitalize research and development expenses.

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The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of our total research and development expenses for the periods indicated, respectively:

	Year ended December 31,				Ten months ended October 31,					
	2019		2020		2021		2021		2022	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Software commissioned										
development expenses	143,528	99.6	113,215	56.5	-	-	-	-	-	-
Staff cost	554	0.4	87,050	43.5	186,248	95.9	122,057	94.9	162,793	85.0
Others <sup>(1)</sup>	-	-	-	-	7,909	4.1	6,597	5.1	28,740	15.0
<b>Total</b>	<b><u>144,082</u></b>	<b><u>100.0</u></b>	<b><u>200,265</u></b>	<b><u>100.0</u></b>	<b><u>194,157</u></b>	<b><u>100.0</u></b>	<b><u>128,654</u></b>	<b><u>100.0</u></b>	<b><u>191,533</u></b>	<b><u>100.0</u></b>

*Note:*

- (1) Others primarily includes rental and utilities expenses and cloud server expenses, representing the rental-related and utilities expenses and cloud server expenses allocated to research and development activities.

The software commissioned development expenses incurred during 2019 and 2020 were related to commissioned development of software by related parties. We started to develop our proprietary software in 2020 through our in-house R&D personnel and became increasingly focused on in-house research and development of our software and Apps in 2021, which we recorded as staff cost. Our software commissioned development expenses decreased to nil in 2021 and in the ten months ended October 31, 2022, as we stopped commissioning development of software to related parties. Our staff cost increased in 2021 compared to 2020 and in the ten months ended October 31, 2022 compared to the same period in 2021, as we turned from relying on commissioned software development to in-house software development, and accordingly increased in-house R&D personnel. Others increased in the ten months ended October 31, 2022 compared to the same period in 2021, which was primarily due to the increased cloud server expenses.

### General and Administrative Expenses

Our general and administrative expenses mainly comprise (i) staff cost, (ii) amortization of intangible assets, (iii) listing expenses, (iv) taxes and surcharges, (v) rental and property expenses, (vi) donation, (vii) office and travel expenses, (viii) IT service fee, (ix) depreciation of property, plant and equipment, (x) depreciation of right-of-use assets, and (xi) professional service fee.

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The table below sets forth a breakdown of our general and administrative expenses in absolute amounts and as percentages of our general and administrative expenses for the periods indicated, respectively:

	Year ended December 31,						Ten months ended October 31,			
	2019		2020		2021		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>									
	<i>(unaudited)</i>									
Staff cost	16,138	42.5	26,440	33.4	42,390	29.5	29,642	27.1	43,442	34.3
Amortization of intangible assets	5,000	13.1	16,707	21.1	12,594	8.8	11,522	10.5	463	0.4
Listing Expenses	–	–	–	–	24,746	17.2	21,026	19.2	16,568	13.1
Taxes and surcharges	1,555	4.1	7,753	9.8	18,877	13.1	14,021	12.8	12,800	10.1
Rental and property expense	4,463	11.7	7,519	9.5	6,454	4.5	6,380	5.8	6,035	4.8
Rental Exemption of COVID-19 <sup>(1)</sup>	–	–	–	–	–	–	–	–	(4,569)	(3.6)
Donation <sup>(2)</sup>	–	–	5,000	6.3	–	–	–	–	–	–
Office and travel expense	1,453	3.8	4,576	5.8	6,025	4.2	2,976	2.7	6,459	5.1
IT service fee	4,238	11.1	4,245	5.4	1,461	1.0	1,079	1.0	7,424	5.9
Depreciation of property, plant and equipment	174	0.5	1,764	2.2	3,775	2.6	2,935	2.7	4,832	3.8
Depreciation of right-of-use assets	–	–	–	–	19,514	13.6	13,913	12.7	21,781	17.2
Professional service fee	1,557	4.1	1,303	1.6	2,568	1.8	1,806	1.7	1,953	1.5
Others <sup>(3)</sup>	3,480	9.1	3,901	4.9	5,249	3.7	4,059	3.8	9,648	7.4
<b>Total</b>	<b>38,058</b>	<b>100.0</b>	<b>79,208</b>	<b>100.0</b>	<b>143,653</b>	<b>100.0</b>	<b>109,359</b>	<b>100.0</b>	<b>126,836</b>	<b>100.0</b>

*Notes:*

- (1) Our landlord provided rent exemptions to us for a two-month period in the first half of 2022 in light the COVID-19 outbreak in Shanghai in the period.
- (2) We made donation to a public welfare foundation in 2020 in relation to countering COVID-19 outbreak.
- (3) Others primarily consists of qualification certification fees, security and cleaning fees, communication fees, fees related to loss on sale of fixed assets, depreciation of low-value consumables and membership fees.

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### Income tax (expense)/benefit

Our income tax (expense)/benefit consists of current tax and deferred tax. We have paid all relevant taxes in accordance with tax regulations and do not have any disputes or unresolved tax issues with the relevant tax authorities. Based on the compliance confirmations issued by the relevant tax authorities in the PRC in respect of our Group's operating subsidiaries, our PRC Legal Advisor is of the view that each of our PRC operating subsidiaries has completed the necessary tax registrations and the tax rates, including VAT, implemented by it were in compliance with the relevant PRC laws during the Track Record Period. Our PRC Legal Advisor has confirmed that none of our PRC operating subsidiaries was subject to administrative penalties imposed by the relevant tax authorities due to serious violations of the tax laws and regulations, including those with respect to VAT, during the Track Record Period. Our PRC subsidiaries have filed tax filing in accordance with the relevant laws and regulations during the Track Record Period and up to the Latest Practicable Date. Our Company confirms that our Group was not subject to any tax investigation, penalties or surcharges up to the Latest Practicable Date.

The following table sets forth a breakdown of our income tax (expense)/benefit for the periods indicated, respectively:

	<b>Ten months ended</b>				
	<b>Year ended December 31,</b>			<b>October 31,</b>	
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>	<b>2022</b>
	<i>(RMB in thousands)</i>				
	<i>(unaudited)</i>				
<b>Current tax</b>					
– PRC Enterprise Income Tax (“EIT”) Provision for the year	(19,012)	(21,269)	(86,768)	(64,797)	6,266
<b>Deferred tax</b>					
– Origination of temporary differences	<u>33,301</u>	<u>52,195</u>	<u>18,221</u>	<u>4,116</u>	<u>(37,753)</u>
<b>Income tax (expense)/benefit</b>	<u><u>14,289</u></u>	<u><u>30,926</u></u>	<u><u>(68,547)</u></u>	<u><u>(60,681)</u></u>	<u><u>(31,487)</u></u>

In 2019, 2020 and 2021, we had income tax benefit of RMB14.3 million and RMB30.9 million and income tax expense of RMB68.5 million, respectively. For the ten months ended October 31, 2021 and 2022, we had income tax expense of RMB60.7 million and RMB31.5 million, respectively. The fluctuations in income tax (expense)/benefits were primarily due to (i) the fluctuations in enacted tax rates in relation to the preferential tax treatments received by our PRC entities, (ii) changes in profit or loss before income tax, and (iii) the recognition of deferred tax assets and liabilities for temporary difference. In 2019, 2020, 2021 and the ten



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months ended October 31, 2021 and 2022, our effective tax rates, calculated by dividing income tax expenses or benefit by profit or loss before taxation during the same period, were 19.8%, negative 55.5%, 22.8%, 44.6% and 8.3%, respectively. We had a negative effective tax rate of 55.5% for 2020, primarily because (i) Shanghai Jiufangyun was entitled to a preferential income tax rate of 10% in 2020 for qualifying as “Key Software Enterprise”. As such qualification is subject to approval by the relevant authorities every year, our current tax was calculated using a preferential income tax rate of 10%, while deferred tax assets as of December 31, 2020 was measured at a tax rate of 25%, resulting in our recognition of deferred tax benefits in 2020; and (ii) our research and development costs were qualified for an additional 50% deduction for EIT purpose. We had relatively higher effective tax rate of 44.6% in the ten months ended October 31, 2021, primarily because Shanghai Jiufangyun was granted the “Eligible high-tech enterprise” in November 2021 and is therefore subject to a preferential income tax rate of 15% from 2021 to 2023. This results in a decrease of the applicable tax rate of deferred tax assets as of January 1, 2021 from 25% to 15% and an increase of deferred tax expense for the ten months ended October 31, 2021 accordingly. For more details, see “– Description of Major Components of Our Results of Operations – Taxation – PRC” in this section and Note 7 to the Accountants’ Report in Appendix I to this prospectus.

For the ten months ended October 31, 2022, we had current tax benefit of RMB6.3 million, which was primarily caused by the tax filing difference, as Shanghai Jiufangyun was granted “Key Software Enterprise” status in June 2022, which retroactively entitled it to a preferential income tax rate of 10% for 2021. The preferential income tax rate of 10% was applied when we filed annual returns for 2021 with the tax authorities in 2022, while we still used the applicable tax rate of 15% when we prepared the consolidated financial statements for the year ended 31 December 2021 in accordance with HKFRSs (as the “Key Software Enterprise” qualification had not been obtained at that time), causing the tax filing difference.

While our current tax charged to profit or loss was RMB19.0 million, RMB21.3 million, RMB86.8 million and RMB64.8 million, respectively, in 2019, 2020, 2021 and the ten months ended October 31, 2021, and our current tax credited to profit or loss was RMB6.3 million in the ten months ended October 31, 2022, we had income tax payments of RMB0.3 million, RMB15.5 million, RMB24.1 million, RMB24.1 million and RMB59.3 million, respectively, in 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022. The difference between the current income tax charged or credited to profit or loss and the income tax payments was mainly due to the timing differences. We file our quarterly corporate income tax with the tax authorities and prepay tax within 15 days after each quarter ends and file annual corporate income tax return with the tax authorities within five months after each year ends. The difference between the year-end annual tax return and quarterly tax filings and payment might give rise to income tax payable or recoverable at each year end. For the reconciliation between our income tax expenses, income tax payable and income tax paid for each of the periods during the Track Record Period, see Note 7(a) and 21(a) to the Accountants’ Report in Appendix I to this prospectus.

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### **Taxation**

We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, the BVI, Hong Kong and the PRC, which, we believe, are significant.

#### ***Cayman Islands***

We are incorporated in the Cayman Islands as an exempted company with limited liability. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax in the Cayman Islands.

#### ***BVI***

Our subsidiary incorporated in the BVI is exempt from all provisions of the Income Tax Act (as amended) of the BVI (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the company to persons who are not persons resident in the BVI).

#### ***Hong Kong***

Our Hong Kong subsidiary is subject to an income tax rate of 16.5% in 2021. No provision for Hong Kong profits tax was made as our Hong Kong subsidiary had no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

#### ***PRC***

Our subsidiaries established in the PRC are subject to an income tax rate of 25%, according to the EIT Law in 2019, 2020 and 2021.

Shanghai Jiufangyun was granted the “Key Software Enterprise” status in May 2021 and June 2022 and therefore was entitled to a preferential income tax rate of 10% for the fiscal year of 2020 and 2021. The “Key Software Enterprise” status will be subject to relevant governmental authorities’ assessment each year.

Shanghai Jiufangyun was granted the “Eligible high-tech enterprise” status in November 2021 and therefore was entitled to a preferential income tax rate of 15% for the years ended December 31, 2021, 2022 and 2023, as long as it continues meeting the related requirements.

In 2019, 2020, 2021 and the ten months ended October 31, 2021 and 2022, our effective tax rates, calculated by dividing income tax expenses or benefit by profit or loss before taxation during the same period, were 19.8%, negative 55.5%, 22.8%, 44.6% and 8.3%, respectively.

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### RESULTS OF OPERATIONS

#### Comparisons between ten months ended October 31, 2022 and 2021

##### *Revenue*

Our revenue increased by 43.9% to RMB1,546.1 million for the ten months ended October 31, 2022, from RMB1,074.3 million for the ten months ended October 31, 2021, primarily due to the increase in the revenue from our online high-end investor education services and our financial information software services.

Our revenue from online high-end investor education services increased by 6.7% to RMB954.5 million for the ten months ended October 31, 2022, from RMB894.4 million for the ten months ended October 31, 2021, which was primarily driven by the new customers we engaged in the first half of 2022 through promotions and discount events, and most of the revenue in relation to these purchases has been recognized.

Our revenue from financial information software services increased significantly to RMB589.4 million for the ten months ended October 31, 2022, from RMB168.8 million for the ten months ended October 31, 2021, primarily attributable to an increase in the average gross billing per paying user which was partially offset by a decrease in the number of paying users in the ten months ended October 31, 2022 compared to that of 2021. The decrease was mainly because we focused more on the premium/deluxe version (which was at a relatively higher price) since 2022, resulting in an increase in the number of users who purchased the premium/deluxe version in the ten months ended October 31, 2022 and a decrease in the number of users who purchased the standard version (which was at a relatively affordable price).

Our revenue from online financial literacy education services decreased by 80.4% to RMB2.2 million for the ten months ended October 31, 2022, from RMB11.2 million for the ten months ended October 31, 2021, primarily because we switched our focus from online financial literacy education services to the other two offerings since 2022 as we believe the target customers of online financial literacy education services were more hesitant to make purchase due to the general slowdown in economic conditions, volatility in the capital markets as well as the general negative impact of the COVID-19 pandemic, and the gross billing of online financial literacy education services contributed less than 0.1%, 0.9%, 1.2% and less than 0.1% of our total gross billing in 2020, 2021 and the ten months ended October 31, 2021 and 2022, respectively.

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### *Cost of sales*

Our cost of sales increased by 29.3% to RMB179.2 million for the ten months ended October 31, 2022, from RMB138.6 million for the ten months ended October 31, 2021, primarily because our staff cost increased from RMB125.3 million in the ten months ended October 31, 2021 to RMB170.0 million in the same period in 2022, as a result of (i) an increase in the number of staff in our content development and production team that provided an expanding scale of content in support of the operations of our traffic matrix, and (ii) an increase in the number of staff in our service and operation team to meet the demands of rapidly increasing number of customers during the period.

### *Gross profit and gross margin*

As a result of the foregoing, our gross profit increased by 46.1% to RMB1,366.9 million for the ten months ended October 31, 2022, from RMB935.7 million for the ten months ended October 31, 2021.

Our gross margin increased to 88.4% for the ten months ended October 31, 2022, from 87.1% for the ten months ended October 31, 2021, primarily because the increase in our revenue outpaced the increase in our cost of sales, primarily as a result of the increase in the average gross billing per paying user in the ten months ended October 31, 2022.

### *Other income*

Our other income increased by 3.2% to RMB143.3 million for the ten months ended October 31, 2022, from RMB138.9 million for the ten months ended October 31, 2021, primarily due to (i) an increase of RMB23.4 million in gain on software copyright transfer as we sold the copyright of our software to our related parties and a customer\* in the ten months ended October 31, 2022; and (ii) an increase of RMB4.9 million in other government grants, which primarily represented increased fiscal support we obtained. For details of calculating VAT refund, see “– Comparisons between 2021 and 2020 – Other income”.

### *Sales and marketing expenses*

Our sales and marketing expenses increased by 15.8% to RMB809.9 million for the ten months ended October 31, 2022, from RMB699.2 million for the ten months ended October 31, 2021, primarily due to an increase in internet traffic procurement expenses, which was largely in line with our revenue growth.

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\* The customer is a state-owned, provincial-level TV station in central China, and is an Independent Third Party. We cooperated with the customer to launch professional finance TV programs and to conduct marketing and advertising activities. The customer purchased our software copyright to launch their own financial service software, which delivers financial news and stock information to users, promoting the customer’s financial TV program and exploring new media channels as part of the customer’s business expansion plan.

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### *Research and development expenses*

Our research and development expenses increased by 48.9% to RMB191.5 million for the ten months ended October 31, 2022 from RMB128.7 million for the ten months ended October 31, 2021, primarily due to (i) an increase in staff cost, mainly as a result of the increase in the number of research and development employees, and (ii) an increase in other research and development expenses, resulting from the increased cloud server expenses.

### *General and administrative expenses*

Our general and administrative expenses increased by 16.0% to RMB126.8 million for the ten months ended October 31, 2022 from RMB109.4 million for the ten months ended October 31, 2021, primarily due to (i) an increase of RMB13.8 million in staff cost, resulting from our increased number of general and administrative staff in line with the growth of our business and (ii) an increase of RMB7.9 million in depreciation of right-of-use assets as we entered into a two-year lease in April 2021 and therefore recognized more depreciation of right-of-use assets in the ten-month period in 2022 as compared to the two-month period in the first half in 2021.

### *Income tax expense*

We recognized income tax expense of RMB31.5 million for the ten months ended October 31, 2022, compared to the income tax expense of RMB60.7 million for the ten months ended October 31, 2021, primarily because (i) Shanghai Jiufangyun was granted the “Key Software Enterprise” in June 2022 which retroactively entitles it to a preferential income tax rate of 10% for 2021, resulting in our recognition of tax filing difference in current tax expense during the ten months ended October 31, 2022; and (ii) the effect on deferred tax balances as of January 1, 2021 was recognized in deferred tax expense resulting from the change in tax rate, leading to the relatively higher income tax expense of the same period in 2021.

### *Profit for the period*

As a result of the foregoing, we realized a profit of RMB348.4 million for the ten months ended October 31, 2022, compared to RMB75.3 million for the ten months ended October 31, 2021.

## **Comparisons between 2021 and 2020**

### *Revenue*

Our revenue increased by 104.9% to RMB1,451.9 million in 2021 from RMB708.7 million in 2020, primarily due to the increase in the revenue from our online high-end investor education services and our financial information software services.

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Our revenue from online high-end investor education services increased by 62.2% to RMB1,149.3 million in 2021 from RMB708.6 million in 2020, primarily due to (i) an increase in the number of paying users from 32,387 in 2020 to 38,901 in 2021, and (ii) an increase in the average gross billing per each paying user in 2021 compared to that of 2020. The increase was because we (i) continued to improve the service quality, and, as a result, the number of paying users retained from the previous year continued to increase; and (ii) we increased investment in our traffic matrix in order to increase our audience base.

From the start of 2021, we started to generate revenue from financial information software services. For 2021, we recorded a revenue of RMB288.1 million therefrom, attributable to (i) our SmartInvest Info providing quality financial information and user experience, as a result of our dedicated research and development; and (ii) our adopting measures to attract customers, including traffic matrix with various media platforms, which also helped increase our user base.

Since December 2020, we have been exploring and developing our online financial literacy education services. For 2021, we generated a revenue of RMB14.5 million therefrom.

### *Cost of sales*

Our cost of sales increased by 164.4% to RMB193.1 million in 2021 from RMB73.0 million in 2020, primarily due to our staff cost increasing from RMB68.4 million in 2020 to RMB176.2 million in 2021, as a result of (i) an increase in the number of staff in our content development and production team that provided an expanding scale of content in support of the operations of our traffic matrix, and (ii) an increase in the number of staff in our service and operation team to meet the demands of the rapidly increasing number of customers during the period.

### *Gross profit and gross margin*

As a result of the foregoing, our gross profit increased by 98.0% to RMB1,258.8 million in 2021 from RMB635.6 million in 2020.

Our gross margin decreased to 86.7% in 2021 from 89.7% in 2020, primarily because (i) our staff cost increased by 157.7% during the same period as a result of our efforts in expanding hires that have enabled us to provide customers with quality content when operating our traffic matrix; and (ii) our adopting discount promotions in earlier 2021 to attract more customers.

### *Other income*

Our other income increased by 233.7% to RMB237.6 million in 2021 from RMB71.2 million in 2020, primarily due to (i) an increase of RMB87.7 million in VAT refund as we became qualified to enjoy the tax benefit of VAT refund since July 2020, while our taxable income, which is the calculation basis for the refund, achieved a significant increase in 2021

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compared with 2020, and (ii) an increase of RMB54.5 million attributable to our gain on software copyright transfer, primarily in relation to the sale of software to certain related party companies. The VAT was generally collected at a tax rate of 13% and the refund-upon-collection policy was applied to the portion of VAT actually paid that exceeds 3% of the VAT taxable income of self-developed software products.<sup>(1)</sup> We submit the VAT refund application for approval when the output VAT on software products in the current period exceeds the deductible input VAT on software products in the current period. We file tax return of VAT on a monthly basis and are qualified to enjoy the tax benefit of VAT refund as long as we continue meeting the related requirements. See “Regulatory Overview”.

### *Sales and marketing expenses*

Our sales and marketing expenses increased by 130.3% to RMB855.9 million in 2021 from RMB371.6 million in 2020, primarily due to (i) an increase in internet traffic procurement expenses, as we increased our investment in traffic matrix establishment and operation in 2021, especially given that our financial information software services were newly launched and correspondingly required extra marketing efforts, and (ii) an increase in staff cost, resulting from the growing number of our sales and marketing personnel and an increase in their salaries, which are in line with the growth of our business.

### *Research and development expenses*

Our research and development expenses decreased by 3.0% to RMB194.2 million in 2021 from RMB200.3 million in 2020, primarily because we did not incur software commissioned development expenses in 2021, as we turned from relying on commissioned software development to in-house software development. Such decrease was partially offset by an increase in staff costs as we became more focused on in-house research and development in 2021.

### *General and administrative expenses*

Our general and administrative expenses increased by 81.4% to RMB143.7 million in 2021 from RMB79.2 million in 2020, primarily due to (i) an increase of RMB24.7 million in listing expenses, as we continue to incur listing expense related to the Global Offering in 2021, (ii) an increase of RMB16.0 million in staff cost, resulting from our increased staff number due to the growth of our business, and (iii) an increase of RMB19.5 million in depreciation of right-of-use assets, resulting from our entering into a two-year lease as we moved our office to a new office building.

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*Note:*

- (1) The VAT refund was determined pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on Value-added Tax Policies for Software Products (《財政部、國家稅務總局關於軟件產品增值稅政策的通知》). The VAT refund amount equals the sales of software products of the current period multiplied by 13% minus the deductible input VAT on software products in the current period minus sales of software products of the current period multiplied by 3%.

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### *Income tax expense*

We recognized income tax expense of RMB68.5 million in 2021, compared to the income tax benefit of RMB30.9 million in 2020, primarily because of the increase in current tax expense, primarily due to the increase of profit before income tax that resulted from the increase in the purchase of our services.

### *Profit for the year*

As a result of the foregoing, we realized a profit of RMB232.3 million in 2021, while we recorded a profit of RMB86.7 million in 2020.

### **Comparisons between 2020 and 2019**

#### *Revenue*

We generated our revenue primarily from online high-end investor education services in 2019 and 2020. Our revenue increased by 158.4% to RMB708.7 million in 2020 from RMB274.2 million in 2019. The increase of RMB434.4 million in online high-end investor education services was due to an increase in the number of paying users from 13,089 in 2019 by 147.6% to 32,402 in 2020. This increase was primarily due to (i) our increased investment in our traffic matrix to increase our audience base, (ii) the publication of favorable securities market policies, such as the adoption of registration-based system for initial public offerings in China, attracting more investors to engage in securities trading, potentially increasing our customer base, and (iii) our investment in the research and development of high quality software which makes our offerings more appealing to potential customers.

#### *Cost of sales*

Our cost of sales increased by 52.2% to RMB73.0 million in 2020 from RMB48.0 million in 2019, primarily due to (i) an increase in staff cost resulting from an increase in the number of staff in our content development and production team that provided an expanding scale of content in support of the operations of the traffic portal, and (ii) an increase in the number of staff in our service and operation team to meet the demands of the rapidly increasing number of customers during the period.

#### *Gross profit and gross margin*

As a result of the foregoing, our gross profit increased by 181.0% to RMB635.6 million in 2020 from RMB226.2 million in 2019. Our gross margin increased to 89.7% in 2020 from 82.5% in 2019, primarily because our revenue grew at a higher rate than our cost of sales due to economies of scale.



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### *Other income*

Our other income increased by 387.5% to RMB71.2 million in 2020 from RMB14.6 million in 2019, primarily due to (i) an increase of RMB8.9 million in net realized and unrealized gains from financial assets at fair value through profit or loss, resulting from the increase in the gains from the funds we purchased, and (ii) an increase of RMB47.3 million in VAT refund as we became qualified to enjoy the tax benefit of VAT refund since the second half of 2020, which was not available in 2019.

### *Sales and marketing expenses*

Our sales and marketing expenses increased by 184.0% to RMB371.6 million in 2020 from RMB130.8 million in 2019, primarily due to (i) an increase in internet traffic procurement expenses of RMB203.9 million as we increased our investment in traffic matrix establishment and operations to support our business development, and (ii) an increase in staff cost of RMB36.9 million due to the growing number of our sales and marketing personnel and an increase in their salaries, in line with the growth of our business.

### *Research and development expenses*

Our research and development expenses increased by 39.0% to RMB200.3 million in 2020 from RMB144.1 million in 2019, primarily due to an increase of RMB86.5 million in staff cost resulting from our recruitment of R&D personnel mainly to develop our SmartInvest Info App, partially offset by a decrease in software commissioned development expenses of RMB30.3 million as we decreased our software commissioned development in 2020.

### *General and administrative expenses*

Our general and administrative expenses increased by 108.1% to RMB79.2 million in 2020 from RMB38.1 million in 2019, primarily due to (i) an increase of RMB10.3 million in staff cost, resulting from the growth of our business, (ii) an increase of RMB11.7 million in the amortization amount in 2020, resulting from our purchase of software in 2020, (iii) an increase of RMB6.2 million in taxes and surcharges primarily in relation to our VATs incurred in 2020, (iv) a one-off donation of RMB5.0 million in relation to countering COVID-19 outbreak to a public welfare foundation, and (v) an increase of RMB3.1 million in rental expenses, resulting from the expansion of office space.

### *Income tax benefit*

Our income tax benefit increased by 116.4% to RMB30.9 million in 2020 from RMB14.3 million in 2019 primarily due to the additional tax preferential treatment we are entitled to in 2020.

### *(Loss)/profit for the year*

As a result of the foregoing, we realized a profit of RMB86.7 million in 2020, compared to a loss of RMB57.8 million in 2019.

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### DESCRIPTION OF CERTAIN COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of
	2019	2020	2021	October 31, 2022
	<i>(RMB in thousands)</i>			
<b>Non-current assets</b>				
Property, plant and equipment	1,341	8,906	21,411	19,318
Right-of-use assets	–	–	46,975	50,284
Intangible assets	29,167	12,605	6,178	4,655
Deferred tax assets	36,980	89,175	107,396	69,643
Investment properties	–	6,552	–	–
<b>Total non-current assets</b>	<b>67,488</b>	<b>117,238</b>	<b>181,960</b>	<b>143,900</b>
<b>Current assets</b>				
Financial assets at fair value through profit or loss	127,359	398,377	801,358	810,446
Financial assets measured at amortized cost	10,091	–	–	–
Prepayments and other receivables	18,261	75,029	156,968	108,103
Restricted cash	1	6	–	–
Cash and cash equivalents	15,716	16,137	43,239	27,678
<b>Total current assets</b>	<b>171,428</b>	<b>489,549</b>	<b>1,001,565</b>	<b>946,227</b>
<b>Current liabilities</b>				
Contract liabilities	124,847	344,556	664,992	456,378
Income tax payable	18,696	24,499	87,155	21,579
Accrued expenses and other current liabilities	159,236	240,841	314,429	148,360
Lease liabilities	–	–	45,890	32,378
<b>Total current liabilities</b>	<b>302,779</b>	<b>609,896</b>	<b>1,112,466</b>	<b>658,695</b>
<b>Non-current liabilities</b>				
Lease liabilities	–	–	1,837	14,338
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>1,837</b>	<b>14,338</b>
<b>NET (LIABILITIES)/ASSETS</b>	<b>(63,863)</b>	<b>(3,109)</b>	<b>69,222</b>	<b>417,094</b>

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	As of December 31,			As of
	2019	2020	2021	October 31, 2022
	<i>(RMB in thousands)</i>			
<b>Equity</b>				
Equity attributable to owners of the Company:				
Share capital	–	–	*	*
Other reserves	(62,835)	(2,221)	69,222	417,094
<b>Total deficit attributable to equity shareholders of the Company</b>	<b>(62,835)</b>	<b>(2,221)</b>	<b>69,222</b>	<b>417,094</b>
<b>Non-controlling interests</b>	<b>(1,028)</b>	<b>(888)</b>	<b>–</b>	<b>–</b>
<b>Total (Deficit)/Equity</b>	<b>(63,863)</b>	<b>(3,109)</b>	<b>69,222</b>	<b>417,094</b>

\* The balance represents an amount less than RMB1,000.

### Property, plant and equipment

Our property, plant and equipment mainly consists of electronic equipment.

As of December 31, 2019, 2020, 2021 and October 31, 2022, our property, plant and equipment was RMB1.3 million, RMB8.9 million, RMB21.4 million and RMB19.3 million, respectively, primarily representing our electronic equipments and furniture, which was procured to support our business expansion. Our property, plant and equipment as of October 31, 2022 decreased compared to that of December 31, 2021, which was primarily as a result of the depreciation of property, plant and equipment exceeding the increase of such asset.

### Intangible assets

Our intangible assets mainly consist of software copyrights.

As of December 31, 2019, 2020, 2021 and October 31, 2022, our intangible assets were RMB29.2 million, RMB12.6 million and RMB6.2 million and RMB4.7 million, respectively. The decrease in our intangible assets during the Track Record Period was primarily due to amortization expenses of intangible assets and disposal of intangible assets.

### Deferred tax assets

We recognize deferred tax assets only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. We offset deferred tax assets and liabilities when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. We measure the amount

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of deferred tax that we recognize base on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

As of December 31, 2019, 2020, 2021 and October 31, 2022, our deferred tax assets were RMB37.0 million, RMB89.2 million and RMB107.4 million and RMB69.6 million, respectively. The changes in the balance of our deferred tax assets are primarily related to the movement of the balance of our contract liabilities. See “– Description of Certain Components of Our Consolidated Statements of Financial Position – Contract Liabilities” for details.

### Investment properties

As of December 31, 2020, our investment properties were RMB6.6 million, which was primarily the result of our purchase of a real property in 2020 to lease to employees in 2021. The real property was sold in 2021.

### Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss primarily consist of (i) funds with underlying assets being listed as equity securities, (ii) wealth management products, (iii) listed equity securities, (iv) asset management plan and (v) structured deposit. The following table sets forth a summary of our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	October 31, 2022
	<i>(RMB in thousands)</i>			
Funds	101,304	210,528	–	–
Wealth management products	26,055	175,895	771,302	511,804
Listed equity securities <sup>(1)</sup>	–	11,954	–	70,577
Asset management plan	–	–	–	228,065
Structured deposit	–	–	30,056	–
	–	–	30,056	–
<b>Total</b>	<b>127,359</b>	<b>398,377</b>	<b>801,358</b>	<b>810,446</b>

*Note:*

- (1) We hold RMB70.6 million of listed equity securities, of which RMB38.0 million is held directly by us and the remaining is held through a fund.

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Our financial assets at fair value through profit or loss were RMB127.4 million, RMB398.4 million, RMB801.4 million and RMB810.4 million as of December 31, 2019, 2020, 2021 and October 31, 2022, respectively. Our financial assets at fair value through profit or loss increased in 2021, primarily because we increased our investment in wealth management products of lower risks. Our financial assets at fair value through profit or loss increased in 2020, primarily due to an increase in funds and wealth management products that we purchased, resulting from our increased investment. Our financial assets at fair value through profit or loss increased significantly during the Track Record Period, primarily as a result of our efforts to make efficient use of our cash balance while ensuring liquidity. In 2019, 2020, 2021 and the ten months ended October 31, 2022, we had gross billing of RMB413.4 million, RMB1,026.2 million, RMB2,001.2 million and RMB1,511.5 million, respectively, and during the same periods, we had net cash generated from operating activities of RMB148.4 million, RMB311.5 million, RMB596.1 million and RMB11.9 million, respectively. Under the premise of having sufficient operating cash, we invested the spare cash in financial assets, including wealth management products of relatively low risk level and private equity fund products, to maintain the value of our cash assets and increase income. The investment in wealth management products may be subject to various risks that are out of our control, including risks relating to macro-economic environment, general market conditions, as well as risk control and credit of issuing banks, which may adversely affect the net changes in the fair value of these wealth management products. We make such investments under the premise of implementing risk control measures and investment strategy to ensure that the financial assets that we purchase are issued by reputable large financial institutions and are safe with reasonable yield, thus elevating the efficiency of our funds while balancing controllable risks. Since 2021, we have been investing primarily in bank wealth management products of relatively low risk level, and we believe that we face low credit risk exposure, as these wealth management products were issued by reputable large commercial banks such as Ping An Bank and China Merchants Bank. See Note 14 of the Accountants' Report in Appendix I to this prospectus.

We have formulated policies setting out the approval process for the purchase of funds and wealth management products, and the responsible person/department for the enforcement of the policies. Our investment decisions are made on a case-by-case basis and after due and careful consideration of our cash flow and operational needs. Each transaction for the purchase of funds and wealth management products is initiated by our finance department, which should be reviewed by board office, compliance department and in-house legal staff, subject to the approval of our chief financial officer, Mr. Qian Di. See "Directors and Senior Management" for a detailed description of Mr. Qian's qualifications and credentials. CFO's authority to approve investment plans is granted and approved annually by our Board.

We generally prefer bank-issued wealth management products with a relatively low risk level assigned to them by relevant banks and as stipulated in the purchase agreements for such products. We primarily purchase wealth management products from PRC commercial banks, and such products invest principally in low risk and liquid fixed-income instruments that are quoted on the interbank market or exchanges in China, including, among others, treasury bonds, corporate bonds, medium-term notes, short-term commercial paper and interbank deposits.

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Our investment policies set forth guidelines to follow in funds and wealth management products investments, including the follows:

- The bond funds products, equity funds products and futures funds products invested in must be issued by public funds or by private funds managers with assets under management exceeding RMB200 million.
- Amounts invested in high-risk products should not exceed 10% of the total investable amount. Amounts invested in high-risk and medium-risk products combined should not exceed 50% of the total investable amount.
- The total amount invested in products with a maturity period of over one year should not exceed 50% of the investable amount, and the total amount invested in products with a maturity period of 90 days or less should not be lower than 30% of the investable amount.

However, in general, neither the principal nor the returns of any wealth management product are protected or guaranteed by the issuing bank. Those wealth management products generally do not have fixed terms and are redeemable on demand. We closely monitor latest developments in equity and credit market and interest risks and regularly assess the relevant impacts on the performance and principal of the products we purchased. We redeem the funds and wealth management products when there is a need for cash from our operating activities. We purchase and redeem short-term wealth management products from time to time for liquidity management purpose. We believe that we can make better use of our cash by making appropriate investments to enhance our income without interfering with our business operation.

We have also implemented internal control measures to mitigate the investment risks, including the follows:

- The documentation of the investment products must be reviewed by the compliance department and in-house legal staff to ensure the legality and compliance of the investment products.
- We evaluate the medium-and-high-risk products in a timely manner, and make sure that the stop-loss order is set within 15% for high-risk products, and the stop-loss order is set within 8% for medium-risk products.
- We monitor the fluctuations in the investment products' performance, and would send inquiry letters to the issuers should the fluctuations exceed our set margin.
- Our board office issues an investment analysis report at the end of each quarter, which should be approved by our CFO.

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During the Track Record Period, we had the following financial assets at fair value through profit or loss:

- **Wealth management products:** The fair value of our wealth management products as of December 31, 2019, 2020, 2021 and October 31, 2022 was RMB26.1 million, RMB175.9 million, RMB771.3 million and RMB511.8 million, respectively. The wealth management products mainly invested in money market and fixed income products, including government bonds, treasury bills, and other fixed income investments. The wealth management products can be redeemed upon demand. All the wealth management products that we invested in during the Track Record Period were issued by Ping An Bank and China Merchants Bank, and were not principal protected.
- **Funds:** The fair value of our investments in funds as of December 31, 2019, 2020, 2021 and October 31, 2022 was RMB101.3 million, RMB210.5 million, nil and nil, respectively. The funds that we invested in during the Track Record Period consisted primarily of private equity funds, and were not principal-protected. During the Track Record Period, the funds were managed by general partners Shanghai Chun Da Asset Management Co., Ltd. (上海純達資產管理有限公司) (“**Chunda**”) and Shanghai Hong Xi Private Equity Management Co., Ltd. (上海紅曦私募基金管理有限公司) (“**Hongxi**”)<sup>(1)</sup>, which were our related parties. Chunda and Hongxi have been registered with the Asset Management Association of China (“**AMAC**”), and are subject to regulation by regulators including the CSRC and the AMAC. We redeemed all of our investments in these funds in 2021.
- **Asset management plan:** The fair value of asset management plan as of December 31, 2019, 2020, 2021 and October 31, 2022 was nil, nil, nil and RMB228.1 million, respectively. The asset management plan represented the monetary fund issued by Yimi Fund Management Co., Ltd., in which we invested in the six months ended June 30, 2022. The asset management plan was not principal protected.
- **Structured deposits:** The fair value of our structured deposits as of December 31, 2019, 2020, 2021 and October 31, 2022 was nil, nil, RMB30.1 million and nil, respectively. The structured deposits that we invested in during the Track Record Period were issued by China Merchants Bank, and were principal protected.

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*Note:*

(1) Hongxi was previously named as Guangdong Hong Feng Asset Management Co., Ltd. (廣東紅楓資產管理有限公司), which was renamed in July 2022.

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- Listed equity securities: The fair value of our investment in listed equity securities as of December 31, 2019, 2020, 2021 and October 31, 2022 was nil, RMB12.0 million, nil and RMB70.6 million, respectively. The listed equity securities that we invested in during the Track Record Period consisted of listed stocks, funds and tradable convertible bonds, and were not principal protected.

During the Track Record Period, our financial assets at fair value through profit or loss were not directly or indirectly invested in securities or debts of Yintech Holdings or other companies controlled by our Controlling Shareholders, directors and senior management.

After the Listing, we intend to continue our investments in the funds and wealth management products strictly in accordance with our internal policies and guidelines, Articles of Associations, and the requirements under Chapter 14 of the Listing Rules.

### Prepayments and other receivables

Our prepayments primarily comprise (i) deposits for housing rental and property management fee, and (ii) prepayment to technology and advertising suppliers. Our other receivables primarily comprised of (i) VAT refund receivable, and (ii) amounts due from related parties. The following table sets forth our prepayments and other receivables as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	October 31,
	<i>(RMB in thousands)</i>			2022
VAT refund receivable	–	27,709	47,567	–
Amounts due from related parties	1,364	22,421	56,814	25,161
Receivables from internet platforms	–	–	8,728	826
Receivables from software copyright transfer	–	–	–	5,602
Deposits	3,385	11,921	6,799	13,458
Prepayment to suppliers	11,908	9,337	28,875	44,913
Deferred Listing Expenses	–	–	5,436	6,330
Employee loans	–	–	–	8,740
Others <sup>(1)</sup>	1,604	3,641	2,749	3,073
<b>Total</b>	<b>18,261</b>	<b>75,029</b>	<b>156,968</b>	<b>108,103</b>

*Note:*

- (1) Others primarily consists of input VAT to be deducted, prepayments for low-value consumables, and receivables in relation to disposal of intangible assets.



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Our prepayments and other receivables were RMB18.3 million, RMB75.0 million, RMB157.0 million and RMB108.1 million as of December 31, 2019, 2020, 2021, and October 31, 2022, respectively. Our prepayments and other receivables decreased in the ten months ended October 31, 2022, primarily due to (i) a decrease in VAT refund receivable mainly because the VAT refund was received during the ten months ended October 31, 2022, and (ii) a decrease in amounts due from related parties primarily because the balance was partially settled. Our prepayments and other receivables increased in the year ended December 31, 2021, primarily due to an increase in VAT refund receivable resulting from our business expansion, an increase in amounts due from related parties as a result of the unsettled balance from the sales of intangible assets to a related party, and an increase in prepayment to suppliers as a result of the increase in internet traffic procurement expenses as we expanded our business. Our prepayments and other receivables increased from RMB18.3 million in 2019 to RMB75.0 million in 2020, primarily due to (i) our record of VAT refund receivable in the amount of RMB27.7 million as we became qualified to enjoy the tax benefit of VAT refund since the second half of 2020, (ii) an increase in amount due from related parties mainly in relation to a payment we made on behalf of a related party in 2020, which was of trade nature and had been settled prior to the Latest Practicable Date, and (iii) an increase in deposits, mainly in relation to rental deposit and the deposit for internet traffic procurement.

During the Track Record Period, our amounts due from related parties primarily consisted of (i) the unsettled balance of content services we provided to the related party, which primarily consisted of the share of gross billing entitled to us for providing content on the related party's App. Such service was one-off, and we settled the remaining balance in 2020; (ii) the earnest money paid on behalf of the related party, which was the one-off sum of money paid on behalf the related party before the Reorganization; (iii) the income of software development service we provided to the related party to support its internal management, and (iv) office rental deposit and employee benefits that we prepaid to the related party for renting its office space and allowing our employees to use its gym facilities. Our amounts due from related parties increased from RMB1.4 million in 2019 to RMB22.4 million in 2020, primarily as a result of the earnest money that was due in 2020. Our amounts due from related parties increased to RMB56.8 million in 2021, primarily as a result of the unsettled software development service fees and office rental deposit. Our amounts due from related parties decreased to RMB25.2 million as of October 31, 2022, as we settled the balance with certain related parties in the first half of 2022. We expect all of our amounts due from related parties to be settled prior to the Listing.

As of January 31, 2023, RMB36.0 million, or 33.3%, of our prepayments and other receivables outstanding as of October 31, 2022 had been subsequently settled.

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### Contract liabilities

Our contract liabilities comprise unrecognized portions of the revenue from our online high-end investor education services, financial information software services and online financial literacy education services that span the accounting periods and are recognized by amortization over the subscription periods. The following table sets forth our contract liabilities as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	October 31, 2022
	<i>(RMB in thousands)</i>			
Advances received from customers	124,847	344,556	664,992	456,378

The following table sets forth an aging analysis of our contract liabilities as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	October 31, 2022
	<i>(RMB in thousands)</i>			
Within one month	48,060	149,129	162,254	52,852
One to three months	37,260	98,994	275,137	237,260
Three to six months	37,834	91,054	212,440	151,388
Over six months	1,693	5,379	15,161	14,878
<b>Total</b>	<b>124,847</b>	<b>344,556</b>	<b>664,992</b>	<b>456,378</b>

As of January 31, 2023, RMB301.8 million, or 66.1% of our contract liabilities outstanding as of October 31, 2022, had been recognized as revenue.

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### *Movements in contract liabilities*

	Year ended December 31,			As of
	2019	2020	2021	October 31, 2022
	<i>(RMB in thousands)</i>			
Balance as of January 1	7,071	124,847	344,556	664,992
Additions	425,008	1,028,793	2,036,567	1,720,796
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(6,081)	(120,412)	(313,794)	(567,690)
Decrease in contract liabilities as a result of recognizing revenue during the same year	(268,141)	(588,263)	(1,138,128)	(978,397)
Decrease in contract liabilities as a result of refund to customers	(33,010)	(100,409)	(264,209)	(383,323)
<b>Balance as of December 31/ October 31</b>	<b><u>124,847</u></b>	<b><u>344,556</u></b>	<b><u>664,992</u></b>	<b><u>456,378</u></b>

Our contract liabilities were RMB124.8 million, RMB344.6 million and RMB665.0 million and RMB456.4 million as of December 31, 2019, 2020, 2021 and October 31, 2022, respectively. Our contract liabilities as of October 31, 2022 decreased, primarily because the amount recognized as revenue exceeded the amount of advance subscription fees received from the customers during the ten months ended October 31, 2022. Such decrease was mainly attributable to a decrease in new orders acquired between July 2022 to October 2022, resulting from the weak financial market performance as well as the COVID-19 pandemic and relevant restrictive measures weakening the customers' confidence in the market in the short term and their demand in investment decision-making solutions. However, with the nationwide lifting of COVID-19 restrictive measures in December 2022, the above negative impacts are expected to be mitigated and not have a material adverse impact on our operation results after the Track Record Period. See "Summary – Recent Developments – COVID-19 Impacts." Our contract liabilities increased in 2021 primarily due to an increase in the gross billing from online high-end investor education services, financial information software services and online financial literacy education services. Our contract liabilities increased in 2019 and 2020, primarily due to a significant increase in gross billing from our high-end investor education services.

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### Accrued expenses and other current liabilities

Our accrued expenses and other current liabilities primarily consist of accrued payroll and welfare, VAT and surcharges payable, amounts due to related parties and accrued expenses. The following table sets forth a summary of our accrued expenses and other current liabilities as of the dates indicated:

	As of December 31,			As of
	2019	2020	2021	October 31, 2022
	<i>(RMB in thousands)</i>			
Accrued payroll and welfare	35,575	86,186	158,261	65,468
VAT and surcharges payable	7,688	44,338	82,324	4,887
Amounts due to related parties	115,066	104,359	20,612	18,426
Accrued Listing Expense	–	–	8,155	20,553
Accrued Internet traffic procurement expense	–	2,838	40,324	30,753
Other accrued expenses and other payables <sup>(1)</sup>	907	3,120	4,753	8,273
<b>Total</b>	<b><u>159,236</u></b>	<b><u>240,841</u></b>	<b><u>314,429</u></b>	<b><u>148,360</u></b>

*Note:*

- (1) Other accrued expenses and other payables primarily consist of advance payments from customers for courses which have yet started, payables related to labor outsourcing fees and other miscellaneous expenses incurred in daily office operations.

Our accrued expenses and other current liabilities were RMB159.2 million, RMB240.8 million and RMB314.4 million and RMB148.4 million as of December 31, 2019, 2020, 2021 and as of October 31, 2022, respectively. Our accrued expenses and other current liabilities decreased for the ten months ended October 31, 2022, primarily due to (i) a decrease of RMB92.8 million in accrued payroll and welfare as we did not make provision in relation to social insurance in 2022 based on the written confirmation letters issued by the Human Resources and Social Security Bureau Shanghai Jinshan District (上海市金山區人力資源和社會保障局) and the Human Resources and Social Security Bureau Shanghai Qingpu District (上海市青浦區人力資源和社會保障局), confirming that we were in compliance with laws, regulations and policies related to social insurance contribution; and (ii) a decrease of RMB77.4 million in VAT and surcharges payable as the balance was largely settled during the ten months ended October 31, 2022. Our accrued expenses and other current liabilities increased in 2021, primarily due to an increase of RMB72.1 million in accrued payroll and welfare, an increase of RMB38.0 million in VAT and surcharges payable and an increase of RMB37.5 million in accrued internet traffic procurement expense, and partially offset by a decrease of RMB83.7 million in amounts due to related parties. During the Track Record

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Period, our amounts due to related parties primarily consisted of (i) the remaining balance of the capital support from the related party before the Reorganization, (ii) the unpaid balance of the Group management fee incurred before the Reorganization, which primarily consisted of fees for Yintech Investment's management service provided to us, including training, procurement, financial and taxation support and legal support, (iii) the employee share trust that the related party paid for on behalf of us, (iv) software development expenses charged by the related party to whom we commissioned the development of software, (v) our listing expense paid by related parties on behalf of us before the Company's Hong Kong bank account for payment of listing expense was established and when such bank account was just opened and did not have cash to cover the expenses, and (vi) the expenses relating to purchase of property, plant and equipment resulting from the related party, whose office we rented, procuring office furniture for us. Our amounts due to related parties decreased from RMB115.1 million in 2019 to RMB104.4 million in 2020, primarily as a result of the decrease in the software development expenses that we commissioned to the related party, and the remaining balance was relatively small. Our amounts due to related parties further decreased to RMB20.6 million in 2021, primarily as a result of our having paid off the remaining balance of the capital support from the related party before the Reorganization, the unpaid balance of the Group management fee incurred before the Reorganization and software development expenses in 2020, and the listing fee and furniture procurement fee incurred in 2021 were relatively small. Our amounts due to related parties further decreased to RMB18.4 million as of October 31, 2022, primarily as a result of the settlement amounted to RMB9.2 million made during the ten months ended October 31, 2022, which was partially offset by our listing expenses paid by related parties on behalf of us during the same period. During the Track Record Period, the amounts due to related parties of non-trade nature primarily consisted of expenses paid by related parties on behalf of us, and the balance of RMB18.4 million as of October 31, 2022 will be settled before the Listing using bank borrowings. Our accrued expenses and other current liabilities increased in 2020, primarily due to (i) an increase of RMB50.6 million in accrued payroll and welfare, and (ii) an increase of RMB36.7 million in VAT and surcharges payable.

The increases in our accrued payroll and welfare in 2020 and 2021 are primarily due to the growth of our number of employees, which was in line with the expanding scale of our business.

In 2019, 2020 and 2021, calculated based on the Actual Salaries of our employees, we accrued the shortfall of social insurance contributions amounted to RMB10.1 million, RMB11.3 million and RMB38.0 million, respectively, with respect to 505, 1,093 and 1,372 employees, representing 3.7%, 1.6% and 2.6% of our revenue for each respective period, as we did not make, or did not make sufficient, contributions to the social insurance or housing fund for some of our employees based on their Actual Salaries level during the years. As of December 31, 2019, 2020 and 2021, we made provision for the full amount of the accumulated social insurance and housing provident fund contributions on a prudent basis in a total amount of RMB10.7 million, RMB24.4 million and RMB63.7 million, respectively.

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In the ten months ended October 31, 2022, we reversed the provision in the amount of RMB59.4 million made during 2019, 2020 and 2021 for the social insurance contribution, consisting of RMB10.1 million, RMB11.3 million and RMB38.0 million, respectively, as of December 31, 2019, 2020 and 2021, considering (i) we have obtained written confirmations from the local social insurance authorities, confirming that we were in compliance with laws, regulations and policies related to social insurance contribution; and (ii) our PRC Legal Advisor is of the view that the likelihood that we would be ordered to make up the contributions or imposed on material administrative penalties by the relevant competent government authorities due to our failure to pay social insurance and housing provident fund contribution for certain employees based on their Actual Salaries is remote. See “Business – Employees – Social Insurance and Housing Provident Funds – Failure in Making Contributions of Social Insurance and Housing Provident Fund Based on the National Standard and Analysis on the Relevant Effect and Risk.” The accounting treatment of the reversed provision of RMB59.4 million primarily includes reversals of: (i) RMB17.3 million to staff cost of cost of sales, (ii) RMB15.6 million was reversed to staff cost of research and development expenses, (iii) RMB3.6 million to staff cost of general and administrative expenses, and (iv) RMB22.9 million to staff cost of sales and marketing expenses. The reversal with the amount of RMB59.4 million directly reduced our cost of sales and expenses for the ten months ended October 31, 2022, which further contributed to an 18.5% increase in our profit before tax to RMB379.9 million from RMB320.5 million. In the ten months ended October 31, 2022, the shortfall of social insurance contribution amounted to RMB40.4 million, calculated based on the Actual Salaries of our employees, with 1,619 employees, representing 2.6% of our revenue for the same period. However, due to the same reasons above, we did not accrue any shortfall amount with respect to our social insurance contribution during the ten months ended October 31, 2022, and did not make any provision in such aspect for the same period.

In 2019, 2020, 2021 and the ten months ended October 31, 2022, the shortfall of housing provident fund contributions amounted to RMB0.6 million, RMB2.5 million, RMB1.3 million and nil, respectively, with respect to 403, 916, 696 and nil employees, representing 0.2%, 0.4%, 0.1% and nil of our revenue for each respective period. See “Business – Employees – Social Insurance and Housing Provident Funds.” During the ten months ended October 31, 2022, certain amount of provision for the full amount of the accumulated housing provident fund contributions was reversed and the remaining amount of such provision as of October 31, 2022 was RMB4.3 million. See “Risk Factors – Risks Relating to Our Business and Industry – We were not strictly in compliance with social insurance and housing provident fund regulations.”

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### *Analysis on the legality and appropriateness on the reversal of the social insurance provision*

According to the Hong Kong Accounting Standards 37 Provisions, Contingent Liabilities and Contingent Assets (“**HKAS 37**”), a provision shall be recognized when: (a) an entity has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

As required under the Social Insurance Law of the PRC promulgated by the SCNPC on October 28, 2010, amended on December 29, 2018 with immediate effect, enterprises are obliged to provide their employees in China with welfare schemes covering pension insurance. During the Track Record Period, we did not pay social insurance based on average salaries received by each individual employee last year (“**Actual Salaries**”) for certain employees. We made provision of the shortfall (calculated based on the Actual Salaries) of social insurance contributions amounted to RMB10.1 million, RMB11.3 million and RMB38.0 million, respectively in 2019, 2020 and 2021 as the conditions to recognize provision were met.

In 2022, we obtained written confirmations from the Human Resources and Social Security Bureau Shanghai Jinshan District and Shanghai Qingpu District (“**relevant competent government authorities**”), confirming that we were in compliance with laws, regulations and policies related to social insurance contribution from January 1, 2019 to the respective dates of confirmations namely, June 1, 2022 and August 15, 2022. Furthermore, our PRC Legal Advisor is of the view that the likelihood that we would be ordered to make up the contributions or imposed on material administrative penalties by the relevant competent government authorities is remote. In such cases, according to HKAS 37, it is not necessary to recognize a provision if it is not probable that the outflow of resources embodying economic benefits will be required to settle the obligation. Therefore, we reversed the provision of RMB59.4 million made in 2019, 2020 and 2021.

Based on the above, our PRC Legal Advisor is of the view that according to the written confirmations obtained from the local social insurance authorities, we were in compliance with laws, regulations and policies related to social insurance contribution.

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### NET CURRENT (LIABILITIES)/ASSETS

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

	As of December 31,			As of	As of
	2019	2020	2021	October 31, 2022	January 31, 2023
	<i>(RMB in thousands)</i>				
	<i>(unaudited)</i>				
<b>Current Assets</b>					
Financial assets at fair value through profit or loss	127,359	398,377	801,358	810,446	852,035
Financial assets measured at amortized cost	10,091	–	–	–	–
Prepayments and other receivables	18,261	75,029	156,968	108,103	172,263
Restricted cash	1	6	–	–	–
Cash and cash equivalents	15,716	16,137	43,239	27,678	37,465
<b>Total current assets</b>	<b><u>171,428</u></b>	<b><u>489,549</u></b>	<b><u>1,001,565</u></b>	<b><u>946,227</u></b>	<b><u>1,061,763</u></b>
<b>Current Liabilities</b>					
Contract liabilities	124,847	344,556	664,992	456,378	464,685
Income tax payable	18,696	24,499	87,155	21,579	2,736
Accrued expenses and other current liabilities	159,236	240,841	314,429	148,360	180,436
Lease liabilities	–	–	45,890	32,378	34,879
<b>Total current liabilities</b>	<b><u>302,779</u></b>	<b><u>609,896</u></b>	<b><u>1,112,466</u></b>	<b><u>658,695</u></b>	<b><u>682,736</u></b>
<b>Net current (liabilities)/assets</b>	<b><u>(131,351)</u></b>	<b><u>(120,347)</u></b>	<b><u>(110,901)</u></b>	<b><u>287,532</u></b>	<b><u>379,027</u></b>

Our net current assets increased by 31.8% from RMB287.5 million as of October 31, 2022 to RMB379.0 million as of January 31, 2023, primarily due to (i) an increase of RMB64.2 million in prepayments and other receivables and (ii) an increase of RMB41.6 million in financial assets at fair value through profit or loss, partially offset by an increase of RMB32.1 million in accrued expenses and other current liabilities.



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We recorded net current assets of RMB287.5 million as of October 31, 2022 as compared to net current liabilities of RMB110.9 million as of December 31, 2021, primarily due to (i) an increase of RMB9.1 million in financial assets at fair value through profit or loss, (ii) a decrease of RMB208.6 million in contract liabilities and (iii) a decrease of RMB166.1 million in accrued expenses and other current liabilities, partially offset by a decrease of RMB48.9 million in prepayments and other receivables.

Our net current liabilities decreased by 7.8% to RMB110.9 million as of December 31, 2021 from RMB120.3 million as of December 31, 2020, primarily due to (i) an increase of RMB403.0 million in financial assets at fair value through profit or loss and (ii) an increase of RMB81.9 million in prepayments and other receivables, partially offset by (i) an increase of RMB320.4 million in contract liabilities, (ii) an increase of RMB73.6 million in accrued expenses and other current liabilities, and (iii) an increase of RMB62.7 million in income tax payable.

Our net current liabilities decreased by 8.4% to RMB120.3 million as of December 31, 2020 from RMB131.4 million as of December 31, 2019, primarily due to (i) the increase of RMB271.0 million in financial assets at fair value through profit or loss, and (ii) the increase in prepayments and other receivables of RMB56.8 million, partially offset by (i) an increase of RMB81.6 million in accrued expenses and other current liabilities, and (ii) an increase of RMB219.7 million in contract liabilities, resulting from an increase in gross billing from online high-end investor education services.

### LIQUIDITY AND CAPITAL RESOURCES

#### Overview

During the Track Record Period, we financed our operations primarily through cash generated from operating activities. Our primary uses of cash were to fund working capital, investing activities and other recurring expenses. We do not anticipate any changes to the availability of financing to fund our operations in the future, although there is no assurance that we will be able to access any financing on favorable terms or at all.

#### Working Capital Sufficiency

Taking into account the financial resources available to us, including cash flow from operations and the estimated net proceeds of the Global Offering, our Directors are of the view and the Sole Sponsor concurs with such view that we have sufficient working capital for our requirements within at least the next 12 months from the date of this prospectus.

To manage our liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations, and we mitigate the effects of fluctuations in cash flows. We aim to maintain sufficient cash through internally generated sales revenue to meet our operational needs. Our goal is to maintain a balance between continuity and flexibility of funding through management of advances from our

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paying users and our expenses. We review our liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, results of performance and prepayment and other receivables balance in order to monitor our liquidity requirements in the short and long terms. See “Risk Factors – We had incurred net losses in the past, and we may continue to incur losses in the future. We also recorded net current liabilities and negative equity, or net deficit, during the Track Record Period” for details.

### Cash Flows

The following table sets forth selected cash flow statement information for the periods indicated:

	Year ended December 31,			Ten months ended	
	2019	2020	2021	October 31, 2021	2022
	<i>(RMB in thousands)</i>				
	<i>(unaudited)</i>				
(Loss)/Profit before taxation	(72,129)	55,756	300,878	135,983	379,890
Non-cash items and non-operating items	5,071	4,806	13,436	7,844	17,397
Changes in working capital	215,791	266,428	305,944	141,911	(326,112)
Income tax paid	(316)	(15,466)	(24,112)	(24,112)	(59,310)
Net cash generated from operating activities	148,417	311,524	596,146	261,626	11,865
Net cash used in investing activities	(135,856)	(285,065)	(379,644)	(72,771)	3,960
Net cash used in financing activities	–	(26,038)	(189,400)	(187,306)	(31,343)
Net increase in cash and cash equivalents	12,561	421	27,102	1,549	(15,518)
Cash and cash equivalents at the beginning of year/period	3,155	15,716	16,137	16,137	43,239
Effect of foreign exchange rate changes	–	–	–	–	(43)
Cash and cash equivalents at the end of the year/period	<u>15,716</u>	<u>16,137</u>	<u>43,239</u>	<u>17,686</u>	<u>27,678</u>

### *Net Cash Generated from Operating Activities*

Net cash generated from or used in operating activities primarily comprise our (loss)/profit before income tax for the year/period, which is adjusted by (i) non-operating items and non-cash items, (ii) changes in working capital, and (iii) income tax paid.

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Our net cash generated from operating activities for the ten months ended October 31, 2022 was RMB11.9 million, representing cash generated from operations of RMB71.2 million minus income tax paid of RMB59.3 million. Cash inflow was primarily attributable to our profit before taxation of RMB379.9 million for the ten months ended October 31, 2022, as adjusted by non-cash and non-operating items, and negative movements in working capital including (i) a decrease in contract liabilities of RMB208.6 million primarily because the amount recognized as revenue exceeded the amount of advance subscription fees received from the customers during the ten months ended October 31, 2022; and (ii) a decrease in accrued expenses and other liabilities of RMB172.7 million, primarily as a result of a decrease of RMB92.8 million in accrued payroll and welfare and a decrease of RMB77.4 million in VAT and surcharges payable. See “Financial Information – Description of Certain Components of Our Consolidated Statements of Financial Position – Accrued expenses and other current liabilities.”

Our net cash generated from operating activities in 2021 was RMB596.1 million, representing cash generated from operations of RMB620.3 million minus income tax paid of RMB24.1 million. Cash inflow was primarily attributable to our profit before taxation of RMB300.9 million in 2021, as adjusted by non-cash and non-operating items, and positive movements in working capital including (i) an increase in contract liabilities of RMB320.4 million due to an increase in the gross billing from online high-end investor education services, financial information software services and online financial literacy education services, and (ii) an increase of RMB61.8 million in accrued expense and other liabilities.

Our net cash generated from operating activities in 2020 was RMB311.5 million, representing cash generated from operations of RMB327.0 million minus income tax paid of RMB15.5 million. Cash inflow was primarily attributable to our profit before taxation of RMB55.8 million, as adjusted by non-cash and non-operation items, and positive movements in working capital including (i) an increase in contract liabilities of RMB219.7 million, primarily due to an increase in gross billing from online high-end investor education services, and (ii) an increase in accrued expenses and other liabilities of RMB82.2 million.

Our net cash generated from operating activities in 2019 was RMB148.4 million, representing cash generated from operations of RMB148.7 million minus income tax paid of RMB0.3 million. Cash inflow was primarily attributable to our loss before taxation in 2019 of RMB72.1 million, as adjusted by non-cash and non-operating items, positive movements in working capital including (i) an increase in contract liabilities of RMB117.8 million, primarily due to an increase in the gross billing from online high-end investor education services, and (ii) an increase in accrued expenses and other liabilities of RMB106.6 million.

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### *Net Cash Used in Investing Activities*

Our net cash gained from investing activities for the ten months ended October 31, 2022 was RMB4.0 million. This cash inflow was primarily attributable to the proceeds from sale of financial assets of RMB5,014.3 million. This cash outflow was partially offset by the payment for purchase of financial assets of RMB5,004.5 million.

Our net cash used in investing activities in 2021 was RMB379.6 million. This cash outflow was primarily attributable to the payment for purchase of financial assets of RMB4,267.5 million. This cash outflow was partially offset by the proceeds from sale of financial assets of RMB3,887.0 million.

Our net cash used in investing activities in 2020 was RMB285.1 million. This cash outflow was primarily attributable to payment for purchase of financial assets of RMB1,725.7 million. This cash outflow was partially offset by the proceeds from sale of financial assets of RMB1,478.7 million.

Our net cash used in investing activities in 2019 was RMB135.9 million. This cash outflow was primarily attributable to payment for purchase of financial assets of RMB882.6 million. This cash outflow was partially offset by the proceeds from sale of financial assets of RMB755.4 million.

### *Net Cash Used in Financing Activities*

Our net cash used in financing activities for the ten months ended October 31, 2022 was RMB31.3 million, which was primarily attributable to capital element of leases rentals paid of RMB28.8 million, interest element of leases rentals paid of RMB2.0 million and listing expense paid of RMB0.5 million.

Our net cash used in financing activities in 2021 was RMB189.4 million, which was primarily attributable to payment for reorganization of RMB135.0 million, payment for acquisition of non-controlling interests of RMB25.0 million and capital element of leases rentals paid of RMB24.8 million.

Our net cash used in financing activities in 2020 was RMB26.0 million, primarily because Shanghai Fudong paid dividends of RMB25.6 million to its then shareholders.

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### INDEBTEDNESS AND CONTINGENCIES

The table below sets forth details of our indebtedness as of the dates indicated:

	As of December 31,		As of	As of
	2019	2020	October 31, 2022	January 31, 2023
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
<b>Current Liabilities</b>				
Lease liabilities	N/A	–	(45,890)	(32,378)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other non-current Liabilities</b>				
Lease liabilities	N/A	–	(1,837)	(14,338)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	N/A	–	(47,727)	(46,716)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### Borrowings

As of January 31, 2023, we had no borrowings or unutilized banking facilities.

### Lease Liabilities

As of January 31, 2023, our lease liabilities were RMB41.6 million, mainly representing leases of certain office properties from our related parties.

### Contingent Liabilities

As of December 31, 2019, 2020, 2021 and October 31, 2022 and January 31, 2023, we were not involved in any material legal, arbitration or administrative proceedings that were expected to materially and adversely affect our financial condition or results of operations. Our Directors confirm that there has been no material change in our contingent liabilities since October 31, 2022 and up to the date of this prospectus.

## FINANCIAL INFORMATION

### CAPITAL EXPENDITURES

Our capital expenditures principally comprise expenditures for purchases of property and equipment relating to office use and intangible assets. We funded our capital expenditure requirements during the Track Record Period mainly by our cash generated from operating activities. The following table sets forth our capital expenditures for the periods indicated:

	Year Ended December 31,			Ten months ended
	2019	2020	2021	October 31, 2022
	<i>(RMB in thousands)</i>			
Payment for purchase of property, plant and equipment and investment properties	8,591	10,409	8,055	4,436
Payment for purchase of intangible assets	–	27,684	6,418	1,439
<b>Total capital expenditure</b>	<b>8,591</b>	<b>38,093</b>	<b>14,473</b>	<b>5,875</b>

Our capital expenditures amounted to RMB8.6 million, RMB38.1 million, RMB14.5 million and RMB5.9 million in 2019, 2020, 2021 and for the ten months ended October 31, 2022, respectively. The capital expenditures in 2019, 2020, 2021 and for the ten months ended October 31, 2022 were primarily related to the purchase of electronic equipment, real properties and software copyrights.

### KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the periods indicated:

	As of/For the year ended			As of/For the ten months ended
	December 31,			October 31,
	2019	2020	2021	2022
Revenue growth (%)	2,726.7	158.4	104.9	43.9
Current ratio <sup>(1)</sup>	0.6	0.8	0.9	1.4
Gross margin (%) <sup>(2)</sup>	82.5	89.7	86.7	88.4
Net margin (%) <sup>(3)</sup>	(21.1)	12.2	16.0	22.5

## FINANCIAL INFORMATION

*Notes:*

- (1) Current ratio equals current assets divided by current liabilities.
- (2) Gross margin equals gross profit divided by revenue for the year/period and multiplied by 100%.
- (3) Net margin equals net profit/(loss) divided by revenue for the year/period and multiplied by 100%.

See “– Results of Operations – Comparisons between ten months ended October 31, 2022 and 2021”, “– Results of Operations – Comparisons between 2021 and 2020”, “– Results of Operations – Comparisons between 2020 and 2019” and “– Description of Certain Components of Our Consolidated Statements of Financial Position” for a discussion of the factors affecting our key financial ratios during the respective periods.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

### MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we had a several number of related party transactions. The following table sets forth our material related party transactions for the periods indicated:

	Year ended December 31,			Ten months ended
	2019	2020	2021	October 31, 2022
	<i>(RMB in thousands)</i>			
Technology fee	147,134	109,789	10	–
Consulting fee	3,166	1,147	342	–
Software development income	–	1,421	–	–
Advertisement income	6,769	550	–	–
Gain on software copyright transfer	–	–	49,920	19,501
Gain on disposal of intangible assets	–	–	7,670	–
Purchase of software and license	25,000	–	6,400	–
Listing expense paid by related party	–	–	6,149	6,025
Others <sup>(1)</sup>	857	429	10,396	20,021

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## FINANCIAL INFORMATION

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*Note:*

- (1) Others mainly includes cloud server expenses, purchase of property, plant and equipment, rental income, photographic services income, employee benefits, gain on disposal of property, plant and equipment and office expenses.

In 2019, 2020 and 2021 and the ten months ended October 31, 2022, we incurred technology fee of RMB147.1 million, RMB109.8 million, RMB0.01 million and nil, respectively, to related parties, which were primarily in relation to software commissioned development service provided to us, including mainly the development of SmartInvest Pro (previously named as Hui Investment) and certain modules of operation management system. See “Business – Research and Development.” In 2019 and 2020, we primarily commissioned related parties to conduct software development before we started to develop our proprietary software in 2020 and became increasingly focused on in-house research and development of our software and Apps. See “– Description of Major Components of Our Results of Operations – Research and Development Expenses.” Depending on different projects, these software commissioned development fees were determined primarily based on (i) cost of completion demonstrated in the development cost material provided by the related party (which included costs such as R&D personnel salary, utilities, depreciation of equipment and amortization of rent) plus a 40% markup, which was determined with reference to the average gross profit margin from sales of similar products by public companies in the software industry that we benchmark with, or (ii) share of gross billings, which was determined based on the value contribution of the employees and development costs associated with the development of such software. We shared gross billings for 14 months, which was approximately 30% of the total sales generated from online high-end investor education services provided through such software during such period. The software commissioned development fees were supported by analysts’ evaluation reports issued by an independent asset appraisal company that holds qualification issued by CSRC and the Ministry of Finance.

In 2019, 2020, 2021 and the ten months ended October 31, 2022, we incurred consulting fee of RMB3.2 million, RMB1.1 million and RMB0.3 million and nil, respectively, to Yintech Investment, which were primarily in relation to Yintech Investment’s management service provided to us, including training, procurement, financial and taxation support and legal support. The consulting fee was primarily determined based on cost of completion plus markup. The cost of completion was determined primarily taking into consideration (i) the labor cost, which was usually measured by the credentials and seniority of the person providing the service and the person’s salary on the market; (ii) time contribution, which was usually measured by the complexity of the work and the estimated time needed for such work; and (iii) resources, which were usually measured by the material and utilities that would be used in providing the service. The markup was determined after Yintech Investment conducted detailed evaluation of the content and priced such service by interviewing the functional departments that provided such service and taking into consideration the feedback from the departments that used such service, the price range of our contracts with or quotations of non-related parties that provided similar services, and public information. The markup was generally below 10%, and we usually did not apply markup to services provided by employees of Yintech Investment,



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## FINANCIAL INFORMATION

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such as employees of legal and financial departments. We then reached agreement with Yintech Investment on the final prices for each service, which were supported by the transfer pricing review memorandum issued by an independent consulting firm.

We had (i) software development income of RMB1.4 million in relation to the development and transfer of software copyright of a stock market analysis software commissioned by a related party in 2020, as the related party was in need of such software to support their business operations; and (ii) gain on software copyright transfer of RMB49.9 million in 2021 and RMB19.5 million in the ten months ended October 31, 2022, in relation mainly to the transfer of software modules to related parties, as they were in need of such software modules and the like to support their business operations and connect software modules and the like to their existing system, and we were able to develop and transfer our software that fitted their demands, while being relatively familiar with their existing system. The amount in both types of transactions was primarily determined based on our cost of completion (which included costs such as personnel salary, utilities, depreciation of equipment and amortization of rent) plus markup, which was determined with reference to the average gross profit margin from sales of similar products by public companies in the software industry that we benchmark with. The markup was 40% for software development and 10% for the software module copyright transfer. The price of the software module transfer was included in the technology transfer contract, on which we agreed after negotiating with the related party and evaluating the value of the software and the work we invested in the software development. We were able to generate such income as our enhanced research and development capacity enabled us to develop functional modules for related parties, such as modules for interface connection, internal management, application functioning and big data management.

In relation to purchase of software and license for our operation management system from related parties, in 2019, we incurred RMB25.0 million, which was based on the estimated present value of such software and license, calculated by applying the discount rate determined by the capital asset pricing model to discount the future expected profits from such software and license, which was estimated by forecasting (i) our financial status after acquiring such software and license and (ii) the proportion of business value that would be created by such software and license in our service offering. The price was supported by an asset evaluation report issued by an independent evaluation company. In 2021, we incurred RMB6.4 million, which was based on the evaluation reports and transfer pricing reports from a technology exchange, which is a national technology trading platform and technology transfer institution that provides technology pricing evaluation service, or the remaining book value of the software and license.

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## FINANCIAL INFORMATION

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In 2021, we had gain on disposal of intangible assets of RMB7.7 million in relation to the sales of a financial information software that we kept in backup but was no longer needed for our business. Such software could be used in the business development of the related party. Such prices were based on the book value of such intangible asset.

In 2019 and 2020, we had advertisement income of RMB6.8 million and RMB0.6 million, respectively, in relation to our provision of content production and marketing services to related parties, as we had an experienced production team and adequate equipment, and we were relatively more familiar with the business of related parties. The income was generated from the production service we provided, and we charged production fees per episode with reference to market prices of similar products or services provided by other production companies.

In 2021 and the ten months ended October 31, 2022, we had listing expense paid on our behalf by Yintech Investment Holding and Yintech Enterprise (HK) Co., Ltd of RMB6.1 million and RMB6.0 million in relation to the listing fees including legal fees, legal search fees and listing application fees as we did not have a Hong Kong bank account or when our Hong Kong bank account was just opened and did not have cash to cover the listing fees in 2021 and the ten months ended October 31, 2022, when the listing expenses were due.

In addition, we incurred cloud server expenses of RMB13.8 million to related parties in the ten months ended October 31, 2022, which were primarily in relation to the services provided by external cloud server. We incurred RMB8.2 million in 2021 and RMB1.4 million in the ten months ended October 31, 2022 to a related party for purchase of property, plant and equipment, which primarily was in relation to our purchase of furniture at the price of cost from the related party who purchased the furniture for us when we moved into the new office. We had rental income from related parties of RMB0.9 million, RMB0.4 million, RMB37.0 thousand and nil in 2019, 2020, 2021 and the ten months ended October 31, 2022, respectively, which was primarily comprised of rents from leasing of computers and leasing of offices to related parties, which were both based on market price. We had photographic services income of RMB1.4 million in 2021 and RMB1.1 million in the ten months ended October 31, 2022, which was primarily comprised of income from our programme production service settled monthly by the length of such programmes based on per minute price, which we determined with reference to market bidding price for such service. We incurred RMB0.8 million in 2021 and RMB3.6 million in the ten months ended October 31, 2022 for employee benefits, which was comprised primarily of employee gym facility access fees incurred to a related party, which was in the same range as gym pass fees of nearby gyms, and was settled annually with the related party. We had gain on disposal of property, plant and equipment of RMB2.0 thousand in 2021 and nil in the ten months ended October 31, 2022 for transfer of computers to a related party at their residual book value. We also incurred RMB74.0 thousand in relation to related parties in the ten months ended October 31, 2022 for the office expenses they paid on behalf of our offshore subsidiaries.

For details about our related party transactions during the Track Record Period, see Note 24 to the Accountants' Report in Appendix I to this prospectus.

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## FINANCIAL INFORMATION

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Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's-length basis, primarily because (i) the majority of the transactions were based on analysts' evaluation reports, the transfer pricing review memorandum and transfer pricing reports from a technology exchange, which is a national technology trading platform and technology transfer institution that provides technology pricing evaluation service. Our management team also reviewed the analysts' evaluation reports, the transfer pricing review memorandum and the transfer pricing reports, discussed the basis of the evaluation and pricing with the analysts, focusing on the analysis methodologies, computation basis, qualifications and underlying rationales in such assessments. Our business departments also performed reviews on the analysts' evaluation reports, the transfer pricing review memorandum and the transfer pricing reports to make sure the analysts' understanding of our business consisted with the nature of our business. Based on the above procedures, our Directors are satisfied with the evaluation and pricing work; (ii) for the transactions without independent analysts' evaluation reports, the transfer pricing review memorandum or the transfer pricing reports, the pricing was based on quotations and industry average gross profit margins available from public information, and parties to the transactions had sufficient communications and obtained internal approvals before entering into an agreement. Our management also reviewed terms of the agreements with related parties and compared the prices and terms with industry average and market practice; and (iii) the services and products in our transactions with related parties are relatively common in the market and under sufficient competition, with abundant public information for us to reference to. Based on the above, our Directors believe that the terms and prices were in line with the market practice and the industry pricing methods, and such related party transactions did not distort our results of operations or make our historical results not reflective of our future performance. Based on the above and the Sponsor's independent due diligence conducted, the Sponsor concurs with the view of the Directors that the Group's transactions with related parties during the Track Record Period were conducted on an arm's-length basis.

### FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, price risk arisen in our normal course of business.

#### Credit risk

We are exposed to credit risk in relation to a counterparty's default on its contract obligations resulting in our financial loss. We did not have trade receivables. The exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a minimum credit rating, for which we are considered to have low credit risk.

We do not provide any guarantees which would expose us to credit risk.

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## FINANCIAL INFORMATION

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### **Liquidity risk**

We are exposed to liquidity risk that we would not be able to meet financial obligations as they fall due. Our approach to managing liquidity is to ensure, as far as possible, that we will have sufficient cash to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

Our policy is to regularly monitor current and expected liquidity requirements, and to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

The remaining contractual maturities at the end of the reporting period of our financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date we can be required to pay, are within one year or more than one year but less than two years.

### **Interest rate risk**

We are exposed to interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest risk arising from financial assets at fair value through profit or loss is not significant due to the short-term maturity of these financial instruments. Thus, we are not exposed to significant interest rate risk during the Track Record Period.

### **Price risk**

We are exposed to price changes arising from equity investments.

Price risk we are facing is mainly the proportionate fluctuation in our net profits and equity due to the price fluctuation of the financial instruments at fair value through profit or loss.

The sensitivity analysis indicates the instantaneous change in our net profit and equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by us which expose us to equity price risk at the end of the reporting period. It is also assumed that the fair values of our equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant.

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## FINANCIAL INFORMATION

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As of December 31, 2019, 2020, 2021 and as of October 31, 2022, it is estimated that with all other variables held constant, an increase/decrease in the fair values of equity securities by 1% would have increased/decreased our profit before tax by RMB1.3 million, RMB4.0 million, and RMB8.0 million and RMB8.1 million.

### DIVIDEND POLICY

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries. PRC laws require a foreign-invested enterprise to make up for its accumulative losses out of its after-tax profits and allocate at least 10% of its remaining after-tax profits, if any, to fund its statutory reserves until the aggregate amount of its statutory reserves exceeds 50% of its registered capital.

Any amount of dividend we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividend will be subject to our constitutional documents and the Cayman Companies Act. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. The Articles of our Company provide that dividends may be declared and paid out of the profits of the Company, realized or unrealized, 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 authorized for this purpose in accordance with the Cayman Companies Act. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

In the year ended December 31, 2020, dividends of RMB25.6 million were distributed by Shanghai Fudong to its then shareholders. As advised by our PRC Legal Advisor, pursuant to the Company Law of the PRC (《中華人民共和國公司法》), PRC entities may pay dividends only out of their after-tax accumulated profits, if any, after making up its accumulative losses, if any, to fund certain statutory reserve funds which are no less than 10% of their accumulated profits each year determined in accordance with the PRC accounting standards and regulations. For details, see “Regulatory Overview – PRC regulations relating to dividend distribution”. Based on the unconsolidated financial statements of Shanghai Fudong as of June 30, 2020 and the relevant shareholders decision, the after-tax accumulated profits of Shanghai Fudong are RMB25.6 million. Our PRC Legal Advisor is of the opinion that as at the date of such distribution, Shanghai Fudong had provided certain statutory reserve funds and paid the relevant taxes in full according to the above requirements, and the relevant decision-making procedures for the distribution were in compliance with the applicable laws, regulations and articles of association of Shanghai Fudong. Based on the compliance confirmations issued by the Jinshan branch of Shanghai Municipal Tax Service, State Taxation Administration (國家稅務總局上海市金山區稅務局), the competent authority responsible for tax administration of the relevant region, the relevant taxes have been fully paid by Shanghai Fudong and there were no

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## FINANCIAL INFORMATION

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administrative sanctions imposed upon Shanghai Fudong during the period January 1, 2018 to October 31, 2022. Based on the above, our PRC Legal Advisor is of the opinion that the aforesaid declaration of dividends by Shanghai Fudong was not in violation of the applicable laws and regulations in the PRC.

In the years ended December 31, 2019 and 2021 and the ten months ended October 31, 2022, no dividends were declared by the entities constitute us to our shareholders.

### **DISTRIBUTABLE RESERVES**

Our Company was incorporated in the Cayman Islands on May 3, 2021 and has not carried out any business since the date of incorporation. As of the Latest Practicable Date, our Company did not have any distributable reserves.

### **LISTING EXPENSES**

Assuming an Offer Price of HK\$17.88 per Share (being the mid-point of the indicative offer price range stated in this prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fee, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, which are payable by us, are estimated to amount in aggregate to be approximately RMB91.2 million, accounting for 9.8% of the gross proceeds from the Global Offering, of which RMB41.3 million has been charged to our consolidated statements of profit or loss in the year ended December 31, 2021 and the ten months ended October 31, 2022, approximately RMB10.5 million is expected to be charged to profit and loss in the last two months of 2022 and 2023, and approximately RMB39.4 million is directly attributable to the offering and listing of our Offer Shares and will be deducted from equity upon the Listing. By nature, our listing expenses are composed of (i) underwriting commission of approximately RMB32.6 million, and (ii) non-underwriting related expenses of approximately RMB58.6 million, which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB40.0 million and other fees and expenses of approximately RMB18.6 million.

### **UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The following unaudited pro forma statement of adjusted net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the equity shareholders of the Company as at October 31, 2022 as if the Global Offering had taken place on October 31, 2022.

## FINANCIAL INFORMATION

The unaudited pro forma statement of 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 financial position of the Group had the Global Offering been completed as at October 31, 2022 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as at October 31, 2022 <sup>(1)</sup> <i>(RMB in thousands)</i>	Estimated net proceeds from the Global Offering <sup>(2)</sup> <i>(RMB in thousands)<sup>(4)</sup></i>	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company <i>(RMB in thousands)</i>	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share <sup>(3)</sup> <i>(RMB)<sup>(4)</sup></i>	<i>(HK\$)<sup>(4)</sup></i>
Based on an Offer Price of HK\$16.98 per Share	412,439	837,251	1,249,690	2.86	3.27
Based on an Offer Price of HK\$18.78 per Share	412,439	927,825	1,340,264	3.06	3.50

*Notes:*

- (1) The consolidated net tangible assets attributable to the equity shareholders of the Company as at 31 October, 2022 is based on the audited consolidated total equity attributable to the equity shareholders of the Company as at 31 October, 2022 of RMB417,094,000 after deduction of intangible assets of RMB4,655,000 as shown in the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on 59,618,500 Shares to be issued at the estimated Offer Prices of HK\$16.98 per Share (being the low-end Offer Price) and HK\$18.78 per Share (being the high-end Offer Price), respectively, after deduction of the estimated underwriting fees and other related expenses payable by the Group (excluding listing expenses of RMB41,314,000 which have been expensed prior to 31 October, 2022), and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option or pursuant to the Pre-IPO RSU Scheme.
- (3) The unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company by 437,338,500 Shares, being the number of shares expected following the completion of the Capitalization Issue and the Global Offering (excluding 28,430,000 shares held by RSU Holding Entity under the Pre-IPO RSU Scheme, which is accounted as treasury shares as shown in Note 22 to the Accountants' Report set out in Appendix I to this document), and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option or pursuant to the Pre-IPO RSU Scheme. From October 31, 2022 to the Latest Practicable Date, the Company has not declared any dividend.
- (4) For illustrative purpose, the estimated net proceeds from the Global Offering is converted from the Hong Kong dollar into Renminbi and the unaudited pro forma adjusted net tangible assets attributable to equity Shareholders of the Company per Share is converted from the Renminbi into Hong Kong dollar at the exchange rate of HK\$1.00 to RMB0.8747, the exchange rate set by PBOC prevailing on the Latest Practicable Date. No representation is made that Renminbi amount have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rate.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to October 31, 2022, including the awards granted by the Company under the Pre-IPO RSU Scheme in February 2023 with the vesting period from two to five years, none of which will be vested upon the completion of Global Offering.

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## FINANCIAL INFORMATION

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### **PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2022**

On the basis set out in Appendix III to this prospectus, and in the absence of unforeseen circumstances, we estimate that our unaudited consolidated profit attributable to the equity shareholders of our Company to be as follows:

Estimated consolidated profit attributable to the equity shareholders of the Company for the year ended December 31, 2022	Not less than RMB461 million
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For details about the estimate of our consolidated profit for the year ended December 31, 2022, see “Appendix III – Profit Estimate.”

### **NO MATERIAL ADVERSE CHANGE**

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this prospectus, save for the impacts of the recent COVID-19 outbreaks in 2022, there has been no material adverse change in our financial or trading position or prospects since October 31, 2022, being the end date of the periods reported on in the Accountants’ Report in Appendix I to this prospectus, and there has been no event since October 31, 2022 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this prospectus.

### **DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES**

Our Directors have confirmed that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.



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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

See “Business – Our Strategies” in this prospectus for a detailed description of our future plans.

### USE OF PROCEEDS

Assuming an Offer Price of HK\$17.88 per Share (being the mid-point of the Offer Price Range of between HK\$16.98 and HK\$18.78 per Share), we estimate that we will receive net proceeds of approximately HK\$961.73 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 20% of the net proceeds, or HK\$192.3 million, is expected to be used for the improvement of our content production capabilities, including:
  - approximately 9% of the net proceeds, or HK\$86.6 million, is expected to be used to procure high-quality contents which are in line with our content style and with synergistic effect with our offerings, to procure external research reports and market information data and to launch special events with industry experts;
  - approximately 8% of the net proceeds, or HK\$76.9 million, is expected to be used to expand our Jiufang Research Institute by recruiting approximately 50 professionals by the end of 2024 including research professionals with over three years’ working experience and senior research professionals with over seven years’ working experience; and
  - approximately 3% of the net proceeds, or HK\$28.9 million, is expected to be used to strengthen our content development and production team by hiring additional professionals, engaging professional third-party contractors and purchasing related facilities.
- approximately 30% of the net proceeds, or HK\$288.5 million, is expected to be used for the enhancement of our traffic matrix, including:
  - (i) collaboration with top-notch user traffic portals, such as short-video platforms, to promote video-based virtual human service in the investment advisory business with advanced search engine, deepening the implementation of digitalization, AI and big data technology in the industry, to expand our partnership map;

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## FUTURE PLANS AND USE OF PROCEEDS

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- (ii) collaboration with mainstream traditional media to enhance our brand equity;
  - (iii) collaboration with reputable internet terminals such as Apps and websites to attract new users;
  - (iv) cooperation with other renowned external MCNs on live streaming and video broadcasting in order to popularize our business; and
  - (v) collaboration with leading intelligent hardware providers that manufacture smart speakers and smart watches to pre-install intelligent stock analysis module, market information module and video and audio lectures, upgrading and expanding the scope of our offerings.
- approximately 30% of the net proceeds, or HK\$288.5 million, is expected to be used for the improvement of our technology capabilities, including:
    - approximately 20% of the net proceeds, or HK\$192.3 million, is expected to be used for the upgrade of the performance of SmartInvest Pro and SmartInvest Info. We plan to:
      - (i) incorporate more value-added functionalities for SmartInvest Pro and SmartInvest Info, such as real-time market information analysis of foreign securities markets, customized technology-empowered toolkits and real-time responses capabilities, and optimize the visual look of our Apps and website, such as the content layout and display, by recruiting product design professionals and outsourcing to professional third-party contractors;
      - (ii) develop more self-owned intellectual property related to AI modules and toolkits modules to facilitate our main business, by recruiting approximately 50 professional R&D personnel by the end of 2024, including algorithm engineers, database architects, mega-data processing managers and information security officers;
      - (iii) increase technology related investment in IT facilities, software testing and data center; and
      - (iv) subscribe more software licences from professional third-parties.

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## FUTURE PLANS AND USE OF PROCEEDS

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- approximately 10% of the net proceeds, or HK\$96.2 million, is expected to be used for the improvement of our overall technology capabilities. We plan to:
  - (i) increase our investment in our short video production capabilities by incorporating and integrating the latest technologies throughout our technology system, such as the latest high-speed data storage servers and cloud services and AI video production technologies, to improve the quality and efficiency of short video production; and
  - (ii) in addition to the planned recruitments above, recruit approximately additional 100 professional R&D personnel by the end of 2024, such as system architects.
  
- approximately 10% of the net proceeds, or HK\$96.2 million, is expected to be used for the investments in external KOLs or external MCNs which possess professional content production ability and high growth potential by way of acquisition. We plan to mainly focus on the targets which (a) specialize in investment and wealth management topics for at least three years; (b) mainly focus on production of video and audio contents with stable production teams; and (c) have at least 1.0 million followers on a single platform or at least 3.0 million followers on multiple platforms.

Specifically, we plan to acquire KOLs who specialize in investment and wealth management topics and:

- (i) have at least 1.0 million followers on a single platform;
- (ii) have 0.5 million to 1.0 million followers on a single platform and have more than ten posts within a month; and
- (iii) have 0.2 million to 0.5 million followers on a single platform and have 25% increase in the number of followers over the past one month.

We also plan to cooperate with KOLs who focus on more general topics to extend our customer outreach. We plan to select the top 50 KOLs that best fit the preferences of our current paying users and target customers, taking into consideration various indicators, such as occupation, geographic location, favored content and interests.

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## FUTURE PLANS AND USE OF PROCEEDS

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According to Frost & Sullivan, currently, there are approximately 200 targets that meet our criteria available on the market. As a result, our Directors are of the view that such acquisition targets are widely available on the market and our acquisition plans are highly feasible.

As of the Latest Practicable Date, save for the acquisition disclosed in this prospectus, we have not identified any definite targets for such acquisitions.

- approximately 10% of the net proceeds, or HK\$96.2 million, is expected to be used for working capital and other general corporate purposes.

In the event that the Offer Price is set at the Maximum Offer Price or the Minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$51.8 million, respectively. If we make an upward or downward Offer Price adjustment to set the final Offer Price to be above or below the mid-point of the Offer Price Range, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro rata basis.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK\$162.1 million (assuming an Offer Price of HK\$18.78 per Share, being the Maximum Offer Price), (ii) HK\$154.3 million (assuming an Offer Price of HK\$16.98 per Share, being the mid-point of the Offer Price Range) and (iii) HK\$146.5 million (assuming an Offer Price of HK\$16.98 per Share, being the Minimum Offer Price). To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, we may adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

If the net proceeds of the Global Offering are not immediately applied to the above purposes, we will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or for non-Hong Kong based deposits, the applicable laws in the relevant jurisdiction).

## FUTURE PLANS AND USE OF PROCEEDS

### IMPLEMENTATION PLAN

Strategy	Implementation targets and estimated investments for the year ended December 31,			
	2022	2023	2024	
<p><b>Overall goals to be met:</b></p> <p>1. Improve our content production capabilities by procuring high-quality contents which are in line with our content style and with synergistic effect with our offerings, to procure external research reports and market information data and to launch special events with industry experts.</p> <p>2. Expand our Jiufang Research Institute by recruiting approximately 50 professionals by the end of 2024 including research professionals with over three years' working experience and senior research professionals with over seven years' working experience.</p> <p>3. Strengthen our content development and production team by hiring additional professionals, engaging professional third-party contractors and purchasing related facilities.</p>	<p>Procure contents from media platforms and securities companies</p> <p>Recruit at least additional 10 professionals</p> <p>Recruit additional 10 content development and production staff</p> <p>Approximately HK\$25.2 million</p>	<p>Procure contents from media platforms and securities companies</p> <p>Recruit at least additional 25 professionals</p> <p>Recruit additional 25 content development and production staff</p> <p>Approximately HK\$65.4 million</p>	<p>Procure contents from media platforms and securities companies</p> <p>Recruit at least additional 15 professionals</p> <p>Recruit additional 15 content development and production staff</p> <p>Approximately HK\$101.7 million</p>	<p><b>Estimated investment per year</b></p>

## FUTURE PLANS AND USE OF PROCEEDS

Strategy	Overall goals to be met:	Implementation targets and estimated investments for the year ended December 31,
		2022      2023      2024
		Approximately HK\$192.3 million
		Approximately 20% of the net proceeds, or HK\$192.3 million, is expected to be used for the improvement of our content production capabilities.
		Acquire traffic on top tier internet platforms, such as WeChat and Douyin
		Acquire traffic on top tier internet platforms, such as WeChat and Douyin
		Acquire traffic on other renowned media platforms
		Acquire traffic on other renowned media platforms
		Acquire traffic on other renowned media platforms
		Acquire traffic on other renowned media platforms

**Total estimated investment**

**Amount of the net proceeds to be used**

**Strategy**

**Overall goals to be met:**

**We will invest in our traffic matrix and focus on emerging user traffic portals.**

1. To collaborate with top-notch user traffic portals, such as short-video platforms, to promote video-based virtual human service in the investment advisory business with advanced search engine, deepening the implementation of digitalization, AI and big data technology in the industry.

2. To collaborate with mainstream traditional media to enhance our equity.

3. To collaborate with reputable internet terminals such as Apps and websites to attract new users.

## FUTURE PLANS AND USE OF PROCEEDS

Strategy	Implementation targets and estimated investments for the year ended December 31,		
Overall goals to be met:	2022	2023	2024
<p>4. To cooperate with other renowned external MCNs on live streaming and video broadcasting in order to popularize our business.</p> <p>5. To collaborate with leading intelligent hardware providers that manufacture smart speakers and smart watches to pre-install intelligent stock analysis module, market information module and video and audio lectures, upgrading and expanding our product and offerings.</p>	<p>Estimated investment per year</p> <p>Total estimated investment</p> <p>Amount of the net proceeds to be used</p>	<p>Approximately HK\$96.2 million</p> <p>Approximately HK\$288.5 million</p> <p>Approximately 30% of the net proceeds, or HK\$288.5 million, is expected to be used for traffic purchase.</p>	<p>Approximately Nil</p> <p>HK\$192.3 million</p> <p>Approximately HK\$288.5 million</p>

## FUTURE PLANS AND USE OF PROCEEDS

### Implementation targets and estimated investments for the year ended December 31, 2022 2023 2024

#### Overall goals to be met:

**We will invest in R&D and strengthen our technology capabilities.**

1. Upgrade the performance of SmartInvest Pro and SmartInvest Info by incorporating more value-added functionality and optimizing the visual look of our Apps and websites.
2. Develop more self-owned intellectual property related to AI modules and toolkits modules to facilitate our main business, by recruiting approximately 50 professional R&D personnel by the end of 2024, including algorithm engineers, database architects, mega-data processing managers and information security officers.

Recruit additional 15 R&D staff, including algorithm engineers, database architects, mega-data processing managers and information security officer, with minimum requirements of an undergraduate degree and three years of experience and a salary range of RMB20,000 – RMB35,000 per month

Recruit additional 20 R&D staff, including algorithm engineers, database architects, mega-data processing managers and information security officer, with minimum requirements of an undergraduate degree and three years of experience and a salary range of RMB20,000 – RMB35,000 per month

Recruit additional 15 R&D staff, including algorithm engineers, database architects, mega-data processing managers and information security officer, with minimum requirements of an undergraduate degree and three years of experience and a salary range of RMB20,000 – RMB35,000 per month

3. Increase technology related investment in IT facilities, software testing and data center.

Invest approximately HK\$5.0 million

Invest approximately HK\$8.1 million

Invest approximately HK\$13.1 million

4. Subscribe more software licenses from professional third parties.

Subscribe more software licenses as considered to be necessary by our Directors

Finish subscribing all software licenses needed by the end of the year

Commencement of the evaluation of the software subscribed or purchased, which needs to be finished by the end of the year



## FUTURE PLANS AND USE OF PROCEEDS

Strategy	Implementation targets and estimated investments for the		
	2022	2023	2024
Overall goals to be met:			
5. Increase our investment in our short video production capabilities by incorporating and integrating the latest technologies throughout technology system.	Invest approximately HK\$10.1 million	Invest approximately HK\$21.1 million	Invest approximately HK\$35.2 million
6. Recruit approximately additional 100 professional R&D personnel by the end of 2024, such as system architects.	Recruit additional 35 R&D staff, including system architects, algorithm engineers, software engineers and user interface designers, with minimum requirements of an undergraduate degree and three years of experience and a salary range of RMB15,000 – RMB40,000 per month	Recruit additional 55 R&D staff, including system architects, algorithm engineers, software engineers and user interface designers, with minimum requirements of an undergraduate degree and three years of experience and a salary range of RMB15,000 – RMB40,000 per month	Recruit additional 10 R&D staff, including system architects, algorithm engineers, software engineers and user interface designers, with minimum requirements of an undergraduate degree and three years of experience and a salary range of RMB15,000 – RMB40,000 per month
	<b>Estimated investment per year</b>	Approximately HK\$26.2 million	Approximately HK\$103.3 million
	<b>Total estimated investment</b>	Approximately HK\$288.5 million	
<b>Amount of the net proceeds to be used</b>			Approximately 30% of the net proceeds, or HK\$288.5 million, is expected to be used for the improvement of our technology capabilities.

## FUTURE PLANS AND USE OF PROCEEDS

### Implementation targets and estimated investments for the year ended December 31,

2024

2023

2022

Complete two to three acquisitions of external KOLs or MCNs

Complete 20 to 25 acquisitions of external KOLs or MCNs

Complete four to five acquisitions of external KOLs or MCNs

### Overall goals to be met:

1. Invest in and acquire external KOLs or external MCNs which possess professional content production ability and high growth potential.

### Strategy

We will strategically pursue suitable acquisition targets and seize expansion opportunities.

**Estimated investment per year**

Approximately HK\$6.0 million

Approximately HK\$55.4 million

Approximately HK\$34.8 million

**Total estimated investment**

Approximately HK\$96.2 million

**Amount of the net proceeds to be used**

Approximately 10% of the net proceeds, or HK\$96.2 million, is expected to be used for the investments in external KOLs or external MCNs which possess professional content production ability and high growth potential by way of acquisition.

### Overall goals to be met:

1. Recruit, retain and incentivize talents to fulfill all aforementioned strategies.

### Strategy

We will further attract, retain and incentivize talents.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited  
BNP Paribas Securities (Asia) Limited  
Huatai Financial Holdings (Hong Kong) Limited  
SPDB International Capital Limited  
Forthright Securities Company Limited  
ICBC International Securities Limited  
CCB International Capital Limited  
Zhongtai International Securities Limited  
Futu Securities International (Hong Kong) Limited  
Tiger Brokers (HK) Global Limited  
Valuable Capital Limited

### UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 5,962,000 Hong Kong Offer Shares and the International Offering of initially 53,656,500 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “The Structure of the Global Offering” in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### **Hong Kong Public Offering**

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus, the GREEN Application Form and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares to be offered pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the Shares on the Hong Kong Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong

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## UNDERWRITING

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Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

### *Grounds for Termination*

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled to terminate the Hong Kong Underwriting Agreement with immediate effect:

- (a) there develops, occurs, exists or comes into effect:
  - (a) any new law or regulation or any change or development involving a prospective change in existing law or regulation, 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 Hong Kong, Cayman Island, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore or other jurisdictions relevant to the Company (each a “**Relevant Jurisdiction**” and collectively the “**Relevant Jurisdictions**”); or
  - (b) any change or development involving a prospective change, or any event or series of events likely to result in a change or prospective change, in local, national, regional or international financial, political, military, industrial, economic, fiscal, regulatory, currency, credit or market conditions or sentiments, equity securities or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) or currency exchange rate or controls in or affecting any Relevant Jurisdictions; or
  - (c) any event or series of events in the nature of force majeure (including, without limitation, acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, public disorder, paralysis in government operations, aircraft collision, acts of war, acts of God, epidemic, pandemic, outbreak or escalation of infectious disease, (including without limitation COVID-19, SARS, MERS, H5N1, H1N1, swine or avian

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## UNDERWRITING

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influenza or such related/mutated forms), accident or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions; or without limiting the foregoing, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

- (d) the imposition or declaration of (a) any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; (b) any moratorium, suspension or limitation (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 the Company listed or quoted on a stock exchange or (c) any moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services in any of the Relevant Jurisdictions; or
- (e) a change or development involving a prospective change or amendment in taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies); or
- (f) any (a) change or prospective change in exchange controls, currency exchange rates or foreign investment regulations, or (b) any change or prospective change in taxation in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (g) the commencement by any Governmental Authority or other regulatory or political body or organization of any public action or investigation against a Director or an announcement by any Governmental Authority or regulatory or political body or organization that it intends to take any such action; or
- (h) the imposition of sanctions on any Group Companies, in whatever form, directly or indirectly, by, or on, any Relevant Jurisdiction; or

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## UNDERWRITING

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- (i) any change or development or event involving a prospective change in the Group's assets, liabilities, profits, losses, performance, condition, business, financial position, earnings, trading position or prospects, or any change in capital stock or long-term debt of the Group, or any loss or interference with the assets, operations or business of the Group, which (in any such case) is not set out in this prospectus; or
- (j) any event, act or omission which gives rise or is likely to give rise to any liability of the Company pursuant to the indemnities in the Hong Kong Underwriting Agreement; or
- (k) an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (l) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law; or
- (m) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus,

which, in any such case individually or in the aggregate, in the absolute opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (A) has or will or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company or the Group as a whole;
- (B) has or will or may have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any material part of this Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or
- (C) has or will or may have a material adverse effect on the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

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## UNDERWRITING

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- (D) make, will or may make it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering, to market the Global Offering or the delivery of Shares on the Listing Date; or
  - (E) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of any of the Overall Coordinators:
- (n) that any statement contained in any of this Prospectus, the GREEN Application Form (together, the “**Hong Kong Public Offering Documents**”), and/or in any notices, announcements, advertisements, communications or other documents issued or used by or authorized by the Company in connection with the Global Offering (together, the “**Offering Documents**”) was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading in any respect; or
  - (o) that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Offering Documents was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or
  - (p) any matter which would, if the Offering Documents were issued at that time, constitute a material omission therefrom; or
  - (q) it becomes necessary for the Company to issue a supplement to this prospectus (or to any other documents used in connection with the Global Offering) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
  - (r) any material breach of, or any event rendering untrue or incorrect in any respect, any of the warranties given by the Warrantors in the Hong Kong Underwriting Agreement; or
  - (s) any material breach of any of the obligations of any party (other than the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers or the Hong Kong Underwriters) to the Hong Kong Underwriting Agreement, the Cornerstone Investment Agreements or the International Underwriting Agreement; or

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## UNDERWRITING

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- (t) any material adverse change, or any development or any prospective material adverse change or development, in the condition (financial or otherwise) or in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or
- (u) that (a) any Director or member of senior management of the Company named in this prospectus seeks to retire, or is removed from office, (b) any certificate given by the Company or any of its respective officers to the Overall Coordinators under or in connection with the Hong Kong Underwriting Agreement or the Global Offering is false or misleading in any material respect or (c) any Director or any member of senior management of the Company named in this prospectus is being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (v) the chairman of the Board, any member of senior management of the Company named in this prospectus or any Director of the Company vacating his/her office; or
- (w) any litigation or claim instigated, or any litigation or claim being threatened against any member of the Group or any Director, which shall have a Material Adverse Effect on the existing operation of the Company; or
- (x) the Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (y) that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (z) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (aa) any person (other than the Sole Sponsor and the Sole Sponsor-Overall Coordinator) has withdrawn or sought to withdraw its consent to being named in any of the Offering Documents or to the issue of any of the Offering Documents; or



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## UNDERWRITING

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- (bb) that a material portion of the orders placed or confirmed in the bookbuilding process or investment commitments made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, have been withdrawn, terminated or canceled; or
- (cc) any contravention by the Company or any Director of the Listing Rules or applicable laws which shall have a material adverse effect on the existing operation of the Company; or
- (dd) any Governmental Authority or any political body or organization in any Relevant Jurisdiction is commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
- (ee) a demand by any creditor for repayment or payment of any of the Group's indebtedness in respect of which the Company or any of the Group Companies is liable prior to its stated maturity, which shall have a Material Adverse Effect on the existing operation of the Company; or
- (ff) the Stock Borrowing Agreement is not duly authorized, executed and delivered or it is terminated,

then the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion and upon giving notice orally or in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

### **Undertakings to the Stock Exchange pursuant to the Listing Rules**

#### ***Undertakings by our Company***

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not issue any further Shares, or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue 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 (a) pursuant to the Global Offering and the Over-allotment Option or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

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## UNDERWRITING

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### *Undertakings by the Controlling Shareholders*

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Stock Exchange and our Company that, except in compliance with the requirements of the Listing Rules, he/she will not and will procure that the relevant registered holder(s) will not, either directly or indirectly:

- (a) in the period commencing on the date by reference to which disclosure of his/her 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, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the securities of our Company in respect of which he/she is shown in this prospectus to be the beneficial owner(s); and
- (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, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she would cease to be a controlling shareholder (as defined in the Listing Rules) or a member of a group of the Controlling Shareholders or would together with the other Controlling Shareholders cease to be “Controlling Shareholders” (as defined in the Listing Rules) of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of his/her shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, he/she will and will procure that the relevant registered holder(s) will:

- (a) when he/she pledges or charges any securities of our Company beneficially owned by him/her in favor of an authorized 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 our Company of such pledge/charge together with the number of the securities so pledged or charged; and
- (b) when he/she receives any indication, either verbal or written, from the pledgee or chargee that any of the pledged/charged securities will be disposed of, immediately inform our Company of such indications.

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## UNDERWRITING

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Our Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraph (a) and (b) above (if any) by any of the Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

### **Undertakings pursuant to the Hong Kong Underwriting Agreement**

#### *Undertakings by our Company in respect of itself*

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters not to, and to procure each other member of the Group not to, without the prior written consent of the Sole Sponsor, the Sole Sponsor-Overall Coordinator and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on and including the date that is six months after the Listing Date (the “**First Six-Month Period**”):

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, 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, or repurchase, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other securities convertible into equity securities of our Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company); or
  
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities convertible into equity securities of our Company, or any interest therein (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company); or

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## UNDERWRITING

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- (c) enter into any transaction with the same economic effect as any transaction specified in (a) and (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) and (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six-Month Period).

Our Company further agrees that, in the event our Company is allowed to enter into any of the transactions described in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the “**Second Six Month Period**”), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company.

### *Undertakings by the Controlling Shareholders in respect of themselves*

Each of the Controlling Shareholders has undertaken to each of our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor, the Sole Sponsor-Overall Coordinator and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) or otherwise unless in compliance with the requirements of the Listing Rules:

- (a) he/she/it will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/him/her will not, at any time 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 other securities of our Company beneficially owned by him/ her as at the Listing Date 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 or any such other securities, as applicable or any interest in any of the foregoing) (the “**Locked-up Securities**”), 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 Locked-up Securities or (iii) enter into any transaction with the same economic effect as any transaction specified in

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## UNDERWRITING

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- (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six Month Period; and
- (b) at any time during the First Six Month Period, he/she/it will (i) if and when it/he/she or the relevant registered holder(s) pledges or charges any Shares or other securities of our Company beneficially owned by it, immediately inform our Company and the Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged; and (ii) if and when it or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of our Company will be disposed of, immediately inform our Company and the Overall Coordinators in writing of such indications.

Each of the Controlling Shareholders has undertaken to each of our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that:

- (c) he/she/it will not, during the Second Six Month Period, enter into any of the transactions specified in (i), (ii) or (iii) of part (a) above or offer to or agree to contract to or publicly 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 or a member of a group of the Controlling Shareholders or would together with the other Controlling Shareholders cease to be “Controlling Shareholders” of our Company; and
- (d) until the expiry of the Second Six Month Period, in the event that it enters into any of the transactions specified in (i), (ii) or (iii) of part (a) above or offer to or agrees to or contract to or publicly announce any intention to effect any such transaction, it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of our Company.

### **Undertaking by an existing minority Shareholder**

Chang Qing Investment Management Company Limited (the “**Chang Qing**”), an existing minority Shareholder of the Company holding approximately 9.14% of the total issued Shares as of the Latest Practicable Date or approximately 7.97% upon the completion of the Capitalization Issue and Global Offering (assuming no Over-allotment Option is exercised), has undertaken to the Company and the Sole Sponsor (for itself and on behalf of each of the

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## UNDERWRITING

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International Underwriters and the Hong Kong Underwriters), that Chang Qing will not, and will procure its affiliates not to, dispose of the Existing Shares for the First Six-Month Period, save for certain special circumstances as agreed among the parties (the “**Chang Qing Undertaking**”).

For the purpose of the Chang Qing Undertaking, “Existing Shares” means any Shares or other equity securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are 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 other equity securities of the Company) held by Chang Qing immediately prior to the completion of the Global Offering; and “dispose of” means:

- (a) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant, or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Existing Shares;
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the beneficial ownership or any of the economic consequences of ownership of, any Existing Shares;
- (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or
- (d) offer to or contract to or agree to or publicly disclose that Chang Qing will or may enter into any transaction described in (a), (b) or (c) above,

whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of such Existing Shares or other equity securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Existing Shares or other equity securities will be completed within the First Six-Month Period).

### **Hong Kong Underwriters’ Interests in our Company**

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

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## UNDERWRITING

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Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

### **International Offering**

#### *International Underwriting Agreement*

In connection with the International Offering, our Company and the Controlling Shareholders expect to enter into the International Underwriting Agreement with the Overall Coordinators on behalf of the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or is terminated, the Global Offering will not proceed. See “The Structure of the Global Offering – The International Offering”.

#### *Over-allotment Option*

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue up to an aggregate of 8,942,500 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations (if any) in the International Offering. See “The Structure of the Global Offering – Over-allotment Option”.

### **Commissions and Expenses**

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 2.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the “**Fixed Fee**”), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters and the Capital Market Intermediaries may receive a discretionary incentive fee of up to 1.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the “**Discretionary Fee**”). The ratio of the Fixed Fee and the Discretionary Fee payable to all Underwriters is therefore 62.5:37.5. The incentive fee is discretionary in nature and the payment of such is subject to the sole discretion of the Company.

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## UNDERWRITING

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For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK\$17.88 per Offer Share (which is the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK\$49.03 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$115.99 million (assuming an Offer Price of HK\$17.88 per Offer Share (being the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Overallotment Option in full), which will be made by our Company.

### **Sole Sponsor's Fee**

An amount of US\$1 million is payable by the Company as sponsor fee to the Sole Sponsor.

### **Indemnity**

Each of our Company and the Controlling Shareholders has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company and the Controlling Shareholders of the Hong Kong Underwriting Agreement.

### **ACTIVITIES BY SYNDICATE MEMBERS**

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.



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## UNDERWRITING

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The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "The Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

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## UNDERWRITING

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It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilization Manager or its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

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## THE STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited is the Sole Sponsor and the Sole Sponsor-Overall Coordinator, and China International Capital Corporation Hong Kong Securities Limited, BNP Paribas Securities (Asia) Limited and Huatai Financial Holdings (Hong Kong) Limited are the Overall Coordinators, of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

59,618,500 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 5,962,000 Shares (subject to reallocation) in Hong Kong as described in the sub-section “The Hong Kong Public Offering” in this section below; and
- (b) the International Offering of initially 53,656,500 Shares (subject to reallocation and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed “– The International Offering” this section below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 12.8% of the total Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares (including Shares issued pursuant to the full exercise of the Over-allotment Option) will represent approximately 14.4% of the total Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering and the issue Shares of Offer Shares pursuant to the Over-Allotment Option.

References in this prospectus to applications, **GREEN** Application Form, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

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## THE STRUCTURE OF THE GLOBAL OFFERING

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### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares initially offered

Our Company is initially offering 5,962,000 Shares (subject to reallocation) for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.3% of the total Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the sub-section headed “Conditions of the Global Offering” in this section.

#### Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

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## THE STRUCTURE OF THE GLOBAL OFFERING

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Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 2,981,000 Hong Kong Offer Shares is liable to be rejected.

### **Reallocation**

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is at the discretion of the Overall Coordinators, subject to adjustment. According to the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules, a clawback mechanism shall be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if the International Offering is fully or over-subscribed and certain prescribed total demand levels are reached as further described below:

- (a) where the International Offering are fully subscribed or oversubscribed:
  - (i) if the Hong Kong Offer Shares are undersubscribed, the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate;
  - (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 5,962,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 11,924,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option;
  - (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an additional 11,924,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 17,886,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option;

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## THE STRUCTURE OF THE GLOBAL OFFERING

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- (iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an additional 17,886,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 23,848,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option; and
  - (v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an additional 23,848,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 29,810,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option;
- (b) where the International Offering are undersubscribed:
- (i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements; and
  - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 5,962,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 11,924,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option.

In the event of reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering is in the circumstances where the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK\$16.98 per Offer Share) stated in this prospectus.

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## THE STRUCTURE OF THE GLOBAL OFFERING

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In addition, the Overall Coordinators may in their sole and absolute discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 11,924,000 Offer Shares), representing 20% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In addition, the Overall Coordinators may in their sole discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Overall Coordinators deem appropriate.

### **Applications**

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/her/it is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$18.78 per Offer Share in addition to the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$9,484.69 for one board lot of 500 Shares. If the Offer Price, as finally determined in the manner described in the sub-section headed "Pricing and Allocation" in this section below, is less than the maximum Offer Price of HK\$18.78 per Offer Share, appropriate refund payments (including the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

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## THE STRUCTURE OF THE GLOBAL OFFERING

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### THE INTERNATIONAL OFFERING

#### Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 53,656,500 Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 11.5% of the total Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

#### Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in sub-section headed “Pricing and Allocation” in this section and based on a number of factors, including the level and timing of demand, the 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 Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Overall Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

#### Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection “The Hong Kong Public Offering – Reallocation” in this section above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.



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## THE STRUCTURE OF THE GLOBAL OFFERING

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### OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, being Sunday, April 2, 2023, to require our Company to issue up to an aggregate of 8,942,500 additional Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, cover over-allocations (if any) in the International Offering.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 1.9% of the total Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

### STOCK BORROWING AGREEMENT

China International Capital Corporation Hong Kong Securities Limited, as the Stabilizing Manager, or any person acting for it may choose to borrow Shares from Coreworth under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercise of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(i)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with Coreworth will only be effected by the Stabilizing Manager for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering;
- the maximum number of Shares borrowed from Coreworth under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to Coreworth or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from time to time agree in writing;

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## THE STRUCTURE OF THE GLOBAL OFFERING

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- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and
- no payment will be made to Coreworth by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

### STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilization Manager (or its affiliates or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilization Manager (or its affiliates or any person acting for it) and in what the Stabilization Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilization Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares;

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## THE STRUCTURE OF THE GLOBAL OFFERING

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- (b) there is no certainty as to the extent to which and the time or period for which the Stabilization Manager (or its affiliates or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the Stabilization Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- (d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Sunday, April 2, 2023, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

### **Over-Allocation**

Following any over-allocation of Shares in connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilization Manager (or its affiliates or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or by a combination of these methods.

### **PRICING AND ALLOCATION**

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, March 3, 2023 and, in any event, no later than Tuesday, March 7, 2023, by agreement between the Overall Coordinators (on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

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## THE STRUCTURE OF THE GLOBAL OFFERING

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The Offer Price will not be more than HK\$18.78 per Offer Share and is expected to be not less than HK\$16.98 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK\$18.78 per Offer Share plus brokerage of 1.0%, the AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK\$9,484.69 for one board lot of 500 Shares. **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 minimum Offer Price stated in this prospectus.**

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (on behalf of the Underwriters) may, where it deems appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price Range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at [jfwealth.investorroom.com](http://jfwealth.investorroom.com) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price Range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

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## THE STRUCTURE OF THE GLOBAL OFFERING

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The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares – (D) Publication of Results” in this prospectus.

### UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators (on behalf of the Underwriters) and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed “Underwriting” in this prospectus.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such approval and permission not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the Offer Price having been agreed between the Overall Coordinators (on behalf of the Underwriters) and our Company;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

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## THE STRUCTURE OF THE GLOBAL OFFERING

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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 the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (on behalf of the Underwriters) and our Company on or before Tuesday, March 7, 2023, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at [jfwealth.investorroom.com](http://jfwealth.investorroom.com) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares – (F) Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, March 10, 2023, provided that the Global Offering has become unconditional in all respects at or before that time.

### DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, March 10, 2023, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, March 10, 2023.

The Shares will be traded in board lots of 500 Shares each and the stock code of the Shares will be 9636.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### IMPORTANT NOTICE TO INVESTORS:

#### Fully Electronic Application Process

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

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “HKEXnews > New Listings > New Listing Information” section, and our website at [jfwealth.investorroom.com](http://jfwealth.investorroom.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8600 which is available on the following dates:

Tuesday, February 28, 2023 – 9:00 a.m. to 9:00 p.m.  
Wednesday, March 1, 2023 – 9:00 a.m. to 9:00 p.m.  
Thursday, March 2, 2023 – 9:00 a.m. to 9:00 p.m.  
Friday, March 3, 2023 – 9:00 a.m. to 12:00 noon

### (A) APPLICATIONS FOR HONG KONG OFFER SHARES

#### 1. How to Apply

**We will not provide any printed application forms for use by the public.**

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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To apply for Hong Kong Offer Shares, you may:

- (1) apply online via the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk); or
- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
  - (i) instructing 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 Hong Kong Offer Shares on your behalf; or
  - (ii) (if you are an existing CCASS Investor Participant) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (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 CCASS Investor Participants through HKSCC's Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will 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.

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 Overall Coordinators, the **White Form eIPO** 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 Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC.

If you apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If an application is made by a person under a power of attorney, our Company, the Overall Coordinators, as our Company's agent, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

If you are applying for the Hong Kong Offer Shares online by instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of Shares and/or a substantial shareholder of any of our Company's subsidiaries;
- you are a Director or chief executive of our Company and/or any of our Company's subsidiaries;
- you are a close associate (as defined in the Listing Rules) of any of the above persons;
- a connected person of the Company or a person who will become a connected person of the Company immediately upon the completion of the Global Offering; or
- you have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 3. Terms and Conditions of an Application

By applying through the application channels specified in this prospectus, among other things, you:

- (a) undertake to execute all relevant documents and instruct and authorize our Company and/or the Overall Coordinators (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 Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (b) agree to comply with the Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Cayman Companies Act;
- (c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and on the designated website under the **White Form eIPO** service, and agree to be bound by them;
- (d) confirm that you have received and read this prospectus and have relied only on the information and representations 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;
- (e) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;
- (f) agree that none of our Company, the Sole Sponsor, the Overall Coordinators, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, any of their or our Company's respective directors, officers, employees, agents or representatives and any other parties involved in the Global Offering (the "**Relevant Persons**") and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);
- (g) 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 International Offer Shares nor participated in the International Offering;
- (h) agree to disclose to our Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which any of them may require about you and the person(s) for whose benefit you have made the application;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (i) 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 neither our Company nor the Relevant Persons will breach any laws 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 in this prospectus and on the designated website under the **White Form eIPO** service;
- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) agree that your application will be governed by the laws of Hong Kong;
- (l) represent, warrant and undertake that (i) you understand that the Hong Kong 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 Hong Kong Offer Shares are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (m) warrant that the information you have provided is true and accurate;
- (n) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (o) authorize (i) our Company to place your name(s) or the name of HKSCC Nominees on the register of members of our Company as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as required under the Articles of Association and (ii) our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in “– Personal Collection” below to collect the Share certificate(s) and/or refund check(s) in person;
- (p) 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;
- (q) understand that the Overall Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering and in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following

## HOW TO APPLY FOR HONG KONG OFFER SHARES

such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 11,924,000 Offer Shares). Further details of the reallocation are stated in the paragraph headed “The Structure of the Global Offering” in this prospectus;

- (r) understand that our Company, the Directors and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (s) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service by you or by any one as your agent or by any other person; and
- (t) (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 by giving **electronic application instructions** to HKSCC and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

#### 4. Minimum Application Amount and Permitted Numbers

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$
500	9,484.69	7,000	132,785.78	50,000	948,469.81	700,000	13,278,577.41
1,000	18,969.40	8,000	151,755.18	60,000	1,138,163.77	800,000	15,175,517.05
1,500	28,454.09	9,000	170,724.56	70,000	1,327,857.73	900,000	17,072,456.66
2,000	37,938.79	10,000	189,693.96	80,000	1,517,551.70	1,000,000	18,969,396.30
2,500	47,423.49	15,000	284,540.95	90,000	1,707,245.68	1,500,000	28,454,094.46
3,000	56,908.18	20,000	379,387.92	100,000	1,896,939.64	2,000,000	37,938,792.60
3,500	66,392.88	25,000	474,234.91	200,000	3,793,879.25	2,500,000	47,423,490.76
4,000	75,877.58	30,000	569,081.89	300,000	5,690,818.89	2,981,000 <sup>(1)</sup>	56,547,770.37
4,500	85,362.28	35,000	663,928.88	400,000	7,587,758.52		
5,000	94,846.99	40,000	758,775.85	500,000	9,484,698.16		
6,000	113,816.38	45,000	853,622.84	600,000	11,381,637.78		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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

### 5. Applying Through the White Form eIPO Service

#### *General*

Individuals who meet the criteria in “– (A) Applications for Hong Kong Offer Shares – 2. Who Can Apply” above may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website. 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, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of **White Form eIPO** Service Provider at +852 2862 8600 which is available on the following dates:

Tuesday, February 28, 2023 – 9:00 a.m. to 9:00 p.m.  
Wednesday, March 1, 2023 – 9:00 a.m. to 9:00 p.m.  
Thursday, March 2, 2023 – 9:00 a.m. to 9:00 p.m.  
Friday, March 3, 2023 – 9:00 a.m. to 12:00 noon

#### *Time for Submitting Applications under the White Form eIPO Service*

You may submit your application through the **White Form eIPO** service on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) (24 hours daily, except on the last day for applications) from 9:00 a.m. on Tuesday, February 28, 2023 until 11:30 a.m. on Friday, March 3, 2023 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, March 3, 2023, the last day for applications, or such later time as described in the paragraph headed “– (C) Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” in this section below.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### *No Multiple Applications*

If you apply by means of the **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application will be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

Only one application may be made for the benefit of any person. If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

### *Section 40 of the Companies (Winding Up and Miscellaneous Provisions) 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### *Commitment to Sustainability*

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “JF Wealth Holdings Ltd” **White Form eIPO** application submitted via the [www.eipo.com.hk](http://www.eipo.com.hk) to support sustainability.

## 6. Applying Through the CCASS EIPO Service

### *General*

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong 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).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**  
Customer Service Center  
1/F, One & Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

and complete an input request form.

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 Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Overall Coordinators and the Hong Kong Share Registrar.

### **Applying through the CCASS EIPO Service**

Where you have applied through the **CCASS EIPO** service (either indirectly through a broker or custodian or directly) and an application is made by HKSCC Nominees on your behalf:

- (a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus; and
- (b) HKSCC Nominees will do the following things on your behalf:
  - agree that the Hong Kong Offer Shares to be allocated shall be registered 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 Hong Kong Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you 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 International Offer Shares nor participated in the International Offering;
  - (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;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (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 authorized to give those instructions as its agent;
- confirm that you understand that our Company, the Directors, and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- authorize our Company to place HKSCC Nominees' name on the register of members of our Company as the holder of the Hong Kong Offer Shares allocated to you and such other registers as required under the Articles of Association, and dispatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company 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 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 and will not rely on any other information or representations, except those in any supplement to this prospectus;
- agree that neither our Company nor the Relevant Persons is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);
- agree to disclose to our Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you;
- 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 on or 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), such agreement to take effect as a collateral contract with our Company, 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 Hong Kong Offer Shares to any person on or 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



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) 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 the announcement of the results of the Hong Kong Public Offering by our Company;
- 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 giving **electronic application instructions** to apply for Hong Kong 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 our Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Cayman Companies Act;
- agree with our Company, for itself and for the benefit of each Shareholder and each Director, manager and other senior officer of our Company (and so that our Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each Shareholder and each Director, manager and other senior officer of our Company, with each CCASS Participant giving **electronic application instructions**):
  - (a) to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Cayman Companies Act or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association;
  - (b) that any award made in such arbitration shall be final and conclusive; and
  - (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- agree with our Company (for our Company itself and for the benefit of each Shareholder) that Shares in our Company are freely transferable by their holders;
- authorize our Company to enter into a contract on its behalf with each Director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association; and
- 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.

### *Effect of Applying through the CCASS EIPO Service*

By applying through the **CCASS EIPO** service, 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 will be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, AFRC transaction levy, SFC transaction levy and 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 initially paid on application, refund of the application monies (including brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

### **Time for Inputting Electronic Application Instructions<sup>(1)</sup>**

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

**Tuesday, February 28, 2023 – 9:00 a.m. to 8:30 p.m.**  
**Wednesday, March 1, 2023 – 8:00 a.m. to 8:30 p.m.**  
**Thursday, March 2, 2023 – 8:00 a.m. to 8:30 p.m.**  
**Friday, March 3, 2023 – 8:00 a.m. to 12:00 noon**

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, February 28, 2023 until 12:00 noon on Friday, March 3, 2023 (24 hours daily, except on Friday, March 3, 2023, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, March 3, 2023, the last day for applications or such later time as described in “– C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” in this section below.

*Note:*

- (1) The times in this sub-section 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.

### ***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 Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### ***Section 40 of the Companies (Winding Up and Miscellaneous Provisions) 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### ***Personal Data***

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank, the Joint Global Coordinators, the Overall Coordinators, the Underwriters, the Capital Market Intermediaries and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through the **CCASS eIPO** service or the **White Form eIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### *Personal Information Collection Statement*

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### *Reasons for the Collection of Your Personal Data*

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

### *Purposes*

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check or e-Refund payment instruction, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the Company's Register of Members;
- verifying identities of the holders of the Company's Shares;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Company's Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to holders of the Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

### *Transfer of Personal Data*

Personal data held by the Company and its Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisors, receiving bankers and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc..

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### *Retention of Personal Data*

The Company and its Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### *Access to and Correction of Personal Data*

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the secretary, or the Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

## **7. Warning for Electronic Applications**

The application for Hong Kong Offer Shares through the **CCASS EIPO** service is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the **White Form eIPO** 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 day for applications to make your electronic application. Our Company, the Relevant Persons and the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant applying through the **CCASS EIPO** service or person applying through the **White Form eIPO** service will be allocated any Hong Kong 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 connecting to the CCASS Phone System or the CCASS Internet System for submission of their **electronic application instructions**, they should go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, March 3, 2023, the last day for applications, or such later time as described in the paragraph headed "– C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" in this section below.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS eIPO** service (directly or indirectly through your broker or custodian) or through the **White Form eIPO** 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 and:

- 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 made 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).

### (B) HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$18.78 per Offer Share. You must also pay brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%. This means that for one board lot of 500 Hong Kong Offer Shares, you will pay HK\$9,484.69.

You must pay the maximum Offer Price, together with brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee, in full upon application for Hong Kong Offer Shares.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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You may submit an application through the **White Form eIPO** service or the **CCASS EIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in “4. Minimum Application Amount and Permitted Numbers” in this section, or as otherwise specified on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the AFRC transaction levy and the SFC transaction levy, collected by the Stock Exchange on behalf of the AFRC and the SFC respectively).

For further details on the Offer Price, see “The Structure of the Global Offering – Pricing and Allocation”.

### **(C) EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS**

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a “black” rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, March 3, 2023. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, March 3, 2023 or if there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal and/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.

### **(D) PUBLICATION OF RESULTS**

Our Company expects to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Thursday, March 9, 2023 on the websites of our Company at [jfwealth.investorroom.com](http://jfwealth.investorroom.com) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on the websites of our Company and the Stock Exchange at [jwealth.investorroom.com](http://jwealth.investorroom.com) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, by no later than 9:00 a.m. on Thursday, March 9, 2023;
- from the designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24 hour basis from 8:00 a.m. on Thursday, March 9, 2023 to 12:00 midnight on Wednesday, March 15, 2023; and
- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Thursday, March 9, 2023, Friday, March 10, 2023, Monday, March 13, 2023, and Tuesday, March 14, 2023.

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 Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in the section “The Structure of the Global Offering” 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.

### **(E) CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES**

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

- (a) If your application is revoked:

By applying through the **CCASS EIPO** service or the **White Form eIPO** service, 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 a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Your application or the application made by HKSCC Nominees on your behalf may only 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 a Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

- (i) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus; or
- (ii) if any supplement to this prospectus is issued, in which case 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.

- (b) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Overall Coordinators, the **White Form eIPO** Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

- (c) If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong 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 applications 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.

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(d) If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you apply for, 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) Hong Kong Offer Shares and International Offer Shares;
- your payment is not made correctly;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk);
- you apply for more than 2,981,000 Hong Kong Offer Shares, being approximately 50% of the 5,962,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- our Company and the Overall Coordinators believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- the Underwriting Agreements do not become unconditional or are terminated.

### **(F) 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 per Offer Share (excluding brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in the section headed “The Structure of the Global Offering – Conditions of the Global Offering” in this prospectus are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the check or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, March 9, 2023.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### (G) DISPATCH/COLLECTION OF SHARE CERTIFICATES/e-REFUND PAYMENT INSTRUCTIONS/REFUND CHECKS

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except 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 Offer Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of Share certificates and refund checks as mentioned below, any refund checks and Share certificate(s) are expected to be posted on or before Thursday, March 9, 2023. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, March 10, 2023, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

#### **Personal Collection**

*(a) If you apply through the White Form eIPO service:*

- If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund check(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, March 9, 2023, or any other place or date notified by our Company as the date of dispatch or collection of Share certificates.
- If you do not personally collect your Share certificate(s) and/or refund check(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) and/or refund check(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, March 9, 2023 by ordinary post and 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-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post and at your own risk.

*(b) If you apply through the CCASS EIPO service:*

*Allocation of Hong Kong Offer Shares*

- For the purposes of allocating Hong Kong 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, March 9, 2023, 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/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in “– D. Publication of Results” above on Thursday, March 9, 2023. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, March 9, 2023 or such other date as determined by HKSCC or HKSCC Nominees.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated 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 Hong Kong Offer Shares allocated 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, March 9, 2023. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong 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, AFRC transaction levy, SFC transaction levy and 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, March 9, 2023.

### (H) ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange 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 settlement 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 advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JF WEALTH HOLDINGS LTD, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED****Introduction**

We report on the historical financial information of JF Wealth Holdings Ltd (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-55, which comprises the consolidated statements of financial position of the Group as at December 31, 2019, 2020, 2021 and October 31, 2022, and the statement of financial position of the Company as at December 31, 2021 and October 31, 2022, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022 (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-55 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated February 28, 2023 (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 Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial

Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2019, 2020, 2021 and October 31, 2022 and of the Company's financial position as at December 31, 2021 and October 31, 2022, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

### **Review of stub period corresponding financial information**

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the ten months ended October 31, 2021 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.



**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

*Dividends*

We refer to Note 22(c) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

*No statutory financial statements for the Company*

No statutory financial statements have been prepared by the Company since its incorporation.

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

February 28, 2023

## I HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“Underlying Financial Statements”).

**Consolidated statements of profit or loss**

*Expressed in Renminbi (“RMB”)*

	Note	Year ended December 31,			Ten months ended	
		2019	2020	2021	October 31,	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
<b>Revenue</b>	4	274,222	708,675	1,451,922	1,074,307	1,546,087
Cost of sales		(47,994)	(73,045)	(193,110)	(138,568)	(179,219)
<b>Gross profit</b>		<b>226,228</b>	<b>635,630</b>	<b>1,258,812</b>	<b>935,739</b>	<b>1,366,868</b>
Other income	5	14,606	71,199	237,568	138,854	143,252
Sales and marketing expenses		(130,823)	(371,600)	(855,927)	(699,154)	(809,887)
Research and development expenses		(144,082)	(200,265)	(194,157)	(128,654)	(191,533)
General and administrative expenses		(38,058)	(79,208)	(143,653)	(109,360)	(126,836)
<b>(Loss)/Profit from operations</b>		<b>(72,129)</b>	<b>55,756</b>	<b>302,643</b>	<b>137,425</b>	<b>381,864</b>
Finance costs		–	–	(1,765)	(1,442)	(1,974)
<b>(Loss)/Profit before taxation</b>	6	<b>(72,129)</b>	<b>55,756</b>	<b>300,878</b>	<b>135,983</b>	<b>379,890</b>
Income tax benefit/(expense)	7	14,289	30,926	(68,547)	(60,681)	(31,487)
<b>(Loss)/Profit for the year/period</b>		<b>(57,840)</b>	<b>86,682</b>	<b>232,331</b>	<b>75,302</b>	<b>348,403</b>
<b>Attributable to:</b>						
Equity shareholders of the Company		(57,574)	86,144	232,178	75,149	348,403
Non-controlling interests		(266)	538	153	153	–
<b>(Loss)/Profit for the year/period</b>		<b>(57,840)</b>	<b>86,682</b>	<b>232,331</b>	<b>75,302</b>	<b>348,403</b>
<b>(Loss)/Earnings per share</b>						
Basic and diluted (RMB)	10	N/A	N/A	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

## Consolidated statements of profit or loss and other comprehensive income

Expressed in RMB

	Year ended December 31,			Ten months ended	
	2019	2020	2021	October 31,	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>(Loss)/Profit for the year/period</b>	<b>(57,840)</b>	<b>86,682</b>	<b>232,331</b>	<b>75,302</b>	<b>348,403</b>
<b>Other comprehensive income for the year (after tax)</b>					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of operations outside the Mainland China	—	—	—	—	(531)
<b>Total comprehensive income for the year/period</b>	<b>(57,840)</b>	<b>86,682</b>	<b>232,331</b>	<b>75,302</b>	<b>347,872</b>
<b>Attributable to:</b>					
Equity shareholders of the Company	(57,574)	86,144	232,178	75,149	347,872
Non-controlling interests	(266)	538	153	153	—
<b>Total comprehensive income for the year/period</b>	<b>(57,840)</b>	<b>86,682</b>	<b>232,331</b>	<b>75,302</b>	<b>347,872</b>

The accompanying notes form part of the Historical Financial Information.

**Consolidated statements of financial position**  
Expressed in RMB

	Note	As at December 31,			As at October 31,
		2019	2020	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>					
Property, plant and equipment	11	1,341	8,906	21,411	19,318
Right-of-use assets	12(a)	–	–	46,975	50,284
Intangible assets	13	29,167	12,605	6,178	4,655
Deferred tax assets	21(b)	36,980	89,175	107,396	69,643
Investment properties	15	–	6,552	–	–
		<u>67,488</u>	<u>117,238</u>	<u>181,960</u>	<u>143,900</u>
<b>Current assets</b>					
Financial assets at fair value through profit or loss	14(a)	127,359	398,377	801,358	810,446
Financial assets measured at amortized cost	14(b)	10,091	–	–	–
Prepayments and other receivables	16	18,261	75,029	156,968	108,103
Restricted cash	17(b)	1	6	–	–
Cash and cash equivalents	17(a)	15,716	16,137	43,239	27,678
		<u>171,428</u>	<u>489,549</u>	<u>1,001,565</u>	<u>946,227</u>
<b>Current liabilities</b>					
Contract liabilities	18	124,847	344,556	664,992	456,378
Income tax payable	21(a)	18,696	24,499	87,155	21,579
Accrued expenses and other current liabilities	19	159,236	240,841	314,429	148,360
Lease liabilities	12(a)	–	–	45,890	32,378
		<u>302,779</u>	<u>609,896</u>	<u>1,112,466</u>	<u>658,695</u>
<b>Net current (liabilities)/assets</b>		<u>(131,351)</u>	<u>(120,347)</u>	<u>(110,901)</u>	<u>287,532</u>
<b>Total assets less current liabilities</b>		<u>(63,863)</u>	<u>(3,109)</u>	<u>71,059</u>	<u>431,432</u>
<b>Non-current liabilities</b>					
Lease liabilities	12(a)	–	–	1,837	14,338
		<u>–</u>	<u>–</u>	<u>1,837</u>	<u>14,338</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(63,863)</u>	<u>(3,109)</u>	<u>69,222</u>	<u>417,094</u>
<b>Equity</b>					
Share capital	22(a)	–	–	*	*
Reserves	22(b)	(62,835)	(2,221)	69,222	417,094
<b>Total (deficit)/equity attributable to equity shareholders of the Company</b>		<u>(62,835)</u>	<u>(2,221)</u>	<u>69,222</u>	<u>417,094</u>
<b>Non-controlling interests</b>		<u>(1,028)</u>	<u>(888)</u>	<u>–</u>	<u>–</u>
<b>TOTAL (DEFICIT)/EQUITY</b>		<u>(63,863)</u>	<u>(3,109)</u>	<u>69,222</u>	<u>417,094</u>

\* The balance represents an amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

## Statements of financial position of the Company

Expressed in RMB

	<i>Note</i>	As at December 31, 2021 RMB'000	As at October 31, 2022 RMB'000
<b>Current assets</b>			
Cash and cash equivalents		*	1
Prepayments and other receivables	16	—	894
<b>Current liabilities</b>			
Accrued expenses and other current liabilities	19	—	17,463
<b>NET LIABILITIES</b>		*	<b>(16,568)</b>
<b>Equity</b>			
Share capital	22(a)	*	*
Reserves	22(b)	—	<b>(16,568)</b>
<b>TOTAL DEFICIT</b>		*	<b>(16,568)</b>

\* The balance represents an amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

## Consolidated statements of changes in equity

Expressed in RMB

Note	Attributable to equity shareholders of the Company					Total	Non-controlling interest	Total deficit
	Share Capital	Treasury share reserve	Capital reserve	Foreign exchange reserve	Accumulated deficit			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as of January 1, 2019</b>	-	-	-	-	(10,471)	(10,471)	(762)	(11,233)
<b>Changes in equity for 2019:</b>								
Loss and total comprehensive income for the year	-	-	-	-	(57,574)	(57,574)	(266)	(57,840)
Share-based compensation 6(a)	-	-	5,210	-	-	5,210	-	5,210
<b>Balance as of December 31, 2019</b>	<u>-</u>	<u>-</u>	<u>5,210</u>	<u>-</u>	<u>(68,045)</u>	<u>(62,835)</u>	<u>(1,028)</u>	<u>(63,863)</u>
<b>Balance as of January 1, 2020</b>	-	-	5,210	-	(68,045)	(62,835)	(1,028)	(63,863)
<b>Changes in equity for 2020:</b>								
Profit and total comprehensive income for the year	-	-	-	-	86,144	86,144	538	86,682
Share-based compensation 6(a)	-	-	110	-	-	110	-	110
Dividends declared for the year 22(c)	-	-	-	-	(25,640)	(25,640)	-	(25,640)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	(398)	(398)
<b>Balance as of December 31, 2020 and January 1, 2021</b>	<u>-</u>	<u>-</u>	<u>5,320</u>	<u>-</u>	<u>(7,541)</u>	<u>(2,221)</u>	<u>(888)</u>	<u>(3,109)</u>

The accompanying notes form part of the Historical Financial Information.

Note	Attributable to equity shareholders of the Company					Accumulated profit RMB'000	Total RMB'000	Non- controlling interest RMB'000	Total (deficit)/ equity RMB'000
	Share Capital RMB'000	Treasury share reserve RMB'000	Capital reserve RMB'000	Foreign exchange reserve RMB'000					
<b>Balance as of</b>									
<b>December 31, 2020</b>									
<b>and January 1, 2021</b>									
	-	-	5,320	-	(7,541)	(2,221)	(888)	(3,109)	
<b>Changes in equity for</b>									
<b>2021:</b>									
Profit and total comprehensive income for the year									
	-	-	-	-	232,178	232,178	153	232,331	
Acquisition of non-controlling interests									
	-	-	(5,320)	-	(20,415)	(25,735)	735	(25,000)	
Deemed distribution arising from Reorganization									
22(d)	*	*	-	-	(135,000)	(135,000)	-	(135,000)	
<b>Balance as of</b>									
<b>December 31, 2021</b>									
<b>and January 1, 2022</b>									
	*	*	-	-	69,222	69,222	-	69,222	
<b>Changes in equity for</b>									
<b>the ten months ended October 31, 2022:</b>									
Profit and total comprehensive income for the period									
	-	-	-	(531)	348,403	347,872	-	347,872	
<b>Balance as of October 31, 2022</b>									
	<u>*</u>	<u>*</u>	<u>-</u>	<u>(531)</u>	<u>417,625</u>	<u>417,094</u>	<u>-</u>	<u>417,094</u>	

\* The balance represents an amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.

## Unaudited:

	Note	Attributable to equity shareholders of the Company					Total	Non-controlling interest	Total deficit
		Share Capital	Treasury share reserve	Capital reserve	Foreign exchange reserve	Accumulated deficit			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
Balance as of December 31, 2020 and January 1, 2021		-	-	5,320	-	(7,541)	(2,221)	(888)	(3,109)
Changes in equity for the ten months ended October 31, 2021:									
Profit and total comprehensive income for the period		-	-	-	-	75,149	75,149	153	75,302
Acquisition of non-controlling interests		-	-	(5,320)	-	(20,415)	(25,735)	735	(25,000)
Deemed distribution arising from Reorganization	22(d)	*	*	-	-	(135,000)	(135,000)	-	(135,000)
Balance as of October 31, 2021		*	*	-	-	(87,807)	(87,807)	-	(87,807)

\* The balance represents an amount less than RMB1,000.

The accompanying notes form part of the Historical Financial Information.



**Consolidated statements of cash flows**  
Expressed in RMB

	Note	Year ended December 31,			Ten months ended	
		2019 RMB'000	2020 RMB'000	2021 RMB'000	October 31, 2021 RMB'000 (unaudited)	2022 RMB'000
<b>Operating activities</b>						
Cash generated from operations	17(c)	148,733	326,990	620,258	285,738	71,175
Income taxes paid		(316)	(15,466)	(24,112)	(24,112)	(59,310)
<b>Net cash generated from operating activities</b>		<b>148,417</b>	<b>311,524</b>	<b>596,146</b>	<b>261,626</b>	<b>11,865</b>
<b>Investing activities</b>						
Payment for the purchase of property, plant and equipment, intangible assets and other non-current assets		(8,591)	(38,093)	(14,473)	(8,073)	(5,875)
Proceeds from sale of property, plant and equipment, intangible assets and other non-current assets		1	6	15,287	15,253	20
Proceeds from sale of financial assets		755,365	1,478,676	3,887,037	3,052,972	5,014,324
Payment for purchase of financial assets		(882,631)	(1,725,654)	(4,267,495)	(3,132,923)	(5,004,509)
<b>Net cash (used in)/ generated from investing activities</b>		<b>(135,856)</b>	<b>(285,065)</b>	<b>(379,644)</b>	<b>(72,771)</b>	<b>3,960</b>
<b>Financing activities</b>						
Capital element of leases rentals paid	17(d)	–	–	(24,766)	(23,282)	(28,836)
Interest element of leases rentals paid	17(d)	–	–	(1,765)	(1,442)	(1,974)
Dividends paid	22(c)	–	(26,038)	–	–	–
Payment for acquisition of non-controlling interests		–	–	(25,000)	(25,000)	–
Payment for reorganization	22(d)	–	–	(135,000)	(135,000)	–
Listing expense paid		–	–	(2,869)	(2,582)	(533)
<b>Net cash used in financing activities</b>		<b>–</b>	<b>(26,038)</b>	<b>(189,400)</b>	<b>(187,306)</b>	<b>(31,343)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,561</b>	<b>421</b>	<b>27,102</b>	<b>1,549</b>	<b>(15,518)</b>
<b>Cash and cash equivalents at the beginning of the year/period</b>		<b>3,155</b>	<b>15,716</b>	<b>16,137</b>	<b>16,137</b>	<b>43,239</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(43)</b>
<b>Cash and cash equivalents at the end of the year/period</b>	17(a)	<b>15,716</b>	<b>16,137</b>	<b>43,239</b>	<b>17,686</b>	<b>27,678</b>

The accompanying notes form part of the Historical Financial Information.

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

*Expressed in RMB unless otherwise indicated*

### 1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

JF Wealth Holdings Ltd (the “Company”), was incorporated on May 3, 2021 in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the group reorganisation mentioned below. The Company and its subsidiaries (together, the “Group”), are principally engaged in online investment decision-making solution services (the “Listing Business”). The Group’s operations and geographic markets are in the People’s Republic of China (the “PRC”).

Prior to the incorporation of the Company, the above mentioned principal activities were carried out by Shanghai Fudong Cultural Communication Co., Ltd (“Fudong”) and its subsidiaries. To rationalize the corporate structure in preparation of the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited, the Group underwent the Reorganization, as detailed in the section headed “History, Reorganization and Corporate Structure” in the Prospectus. Upon completion of the Reorganization on August 3, 2021, the Company became the holding company of the Group. As the ultimate equity shareholders of Fudong have substantially identical respective rights over and substantially the same absolute and relative interests in the net assets of Listing Business immediately before and after the Reorganisation, and therefore there were no changes in the economic substance of the ownership and the business of the Group. The Reorganization only involved inserting newly formed entities with no substantive operations as the new holding companies of Fudong and its subsidiaries. Accordingly, the Reorganization has been accounted for using a principle similar to that for a reverse acquisition, with Fudong treated as the acquirer for accounting purposes. The Historical Financial Information has been prepared and presented as a continuation of the financial statements of Fudong and its subsidiaries with the assets and liabilities of Fudong and its subsidiaries recognized and measured at their historical carrying amounts prior to the Reorganization. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Company names	Place and kind of legal entity	Date of incorporation	Particulars of Registered and paid-up capital	Held by the Company	Held by the Subsidiary	Principal activities	Name of auditor
JF Wealth (BVI) Limited	BVI/ Limited liability company	May 14, 2021	USD1/ Nil	100%	–	Investment holding	N/A
Silver Runner Limited	BVI/ Limited liability company	June 1, 2021	HKD0.05/ HKD0.05	100%	–	RSU Holding Entity	N/A
JF Wealth (HK) Limited	Hong Kong/ Limited liability company	June 1, 2021	HKD1/ Nil	–	100%	Investment holding	N/A
JF (Shanghai) Information Technology Co., Ltd (“JF Shanghai”) 極帶(上海)信息技術有限公司 <i>(note (ii) and (iii))</i>	The PRC/ Limited liability company	July 23, 2021	RMB500,000,000/ Nil	–	100%	Investment holding	Shanghai HongDa DongYa Certified Public Accountants Co., Ltd. 上海宏東亞會計師事務所有限公司 <i>(note (iii))</i>

Company names	Place and kind of legal entity	Date of incorporation	Particulars of Registered and paid-up capital	Held by the Company	Held by the Subsidiary	Principal activities	Name of auditor
Shanghai Fudong Culture Media Co., Ltd ("Fudong") 上海富動文化傳媒有限公司 (note (i) and (iii))	The PRC/ Limited liability company	October 10, 2009	RMB10,000,000/ RMB10,000,000	-	100%	Media promotion	2019-2020: N/A 2021: Shanghai HongDa DongYa Certified Public Accountants Co., Ltd. 上海宏大東亞會計師事務所有限公司 (note (iii))
Shanghai Jiufangyun Intelligent Technology Co., Ltd ("Jiufangyun") 上海九方雲智能科技有限公司 (formerly known as Shanghai Xinhuitong Investment Consulting Co., Ltd. (上海新匯通投資顧問有限公司)) (note (i) and (iii))	The PRC/ Limited liability company	August 19, 1996	RMB100,000,000/ RMB100,000,000	-	100%	Online high-end investor education and financial information software	Shanghai HongDa DongYa Certified Public Accountants Co., Ltd. 上海宏大東亞會計師事務所有限公司 (note (iii))
Shanghai Yingma Computer Network Technology Co., Ltd. ("Yingma") 上海贏馬計算機網絡科技有限公司 (note (i) and (iii))	China/ Limited liability company	October 19, 2018	RMB100,000,000/ RMB60,000,000	-	100%	Online financial literacy education	2019-2020: N/A 2021: Shanghai HongDa DongYa Certified Public Accountants Co., Ltd. 上海宏大東亞會計師事務所有限公司 (note (iii))
Shanghai Shangjie Network Technology Co., Ltd. ("Shangjie") 上海尚界網絡科技有限公司 (note (i) and (iii))	The PRC/ Limited liability company	April 30, 2021	RMB20,000,000/ RMB14,000,000	-	100%	Multi-channel Network operation	N/A
Shanghai Juxing Network Technology Co., Ltd. ("Juxing") 上海聚鑫閣網絡科技有限公司 (note (i) and (iii))	The PRC/ Limited liability company	May 31, 2021	RMB20,000,000/ RMB12,700,000	-	100%	Multi-channel Network operation	N/A
Shanghai Pianjin Network Technology Co., Ltd. ("Pianjin") 上海駢進網絡科技有限公司 (note (i) and (iii))	The PRC/ Limited liability company	April 30, 2021	RMB20,000,000/ RMB10,000	-	100%	Information and technology	N/A

*Notes:*

- (i) These entities are limited liability companies established in the PRC.
- (ii) This entity was registered as a foreign-invested enterprise under the laws and regulations in the PRC.
- (iii) The official name of these entities is in Chinese. The English name is for identification purpose only.

All companies now comprising the Group have adopted December 31 as their financial year end date.

As of the date of this report, no audited financial statements have been prepared for the Company, JF Wealth (BVI) Limited, Silver Runner Limited, JF Wealth (HK) Limited, Shanghai Shangjie Network Technology Co., Ltd., Shanghai Juxing Network Technology Co., Ltd., and Shanghai Pianjin Network Technology Co., Ltd., as they either are companies not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation or have not carried on any business since the date of incorporation. The financial statements of the subsidiaries of the Group were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Further details of the significant accounting policies adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has consistently applied all applicable new and revised HKFRS to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2023. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning January 1, 2023 are set out in Note 25.

The Historical Financial Information has been prepared under the going concern basis.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

## **2 SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of measurement**

The Historical Financial Information is presented in RMB, rounded to the nearest thousands, except for earnings per share information.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for certain financial assets and liabilities measured at fair value as explained in the accounting policies set out below:

- investments in debt and equity securities (see note 2(d));

**(b) Use of estimates and judgements**

The preparation of Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

**(c) Subsidiaries and non-controlling interests**

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

An investment in a subsidiary is consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(m) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(d)) or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, an investment in a consolidated structured entity is stated at cost less impairment losses, unless the investment is classified as held for sale.

**(d) Other investments in debt and equity securities**

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below:

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investments. Investments in debt and equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 23(f). These investments are subsequently accounted for as follows, depending on their classification:

**(i) Investments other than equity investments**

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

**(ii) Equity investments**

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(p)(iv).

**(e) Investment property**

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(h)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)(ii)). Depreciation is calculated to write off the cost less residual value if applicable, using the straight-line method over the estimated useful lives of 20 years. Rental income from investment properties is accounted for as described in note 2(p)(iii).

**(f) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives are as follows:

– Right-of-use assets	Over the lease term
– Motor vehicle	4 years
– Electronic and other office equipment	3-5 years
– Leasehold improvements	the shorter of the unexpired term of lease and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

**(g) Intangible assets**

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible asset with finite useful life is amortised from the date it is available for use and its estimated useful life is as follows:

– Software	2 years
– Trademark and License	2 years

The estimates and associated assumptions of useful life determined by the Group are based on technical and commercial obsolescence, legal or contractual limits on the use of the asset and other relevant factors. Based on the current functionalities equipped by the softwares and the daily operation needs, the Group considers a useful life of 2 years to be their best estimation.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

Research expenditures are recognised as an expenses as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalised as intangible assets as of December 31, 2019, 2020, 2021 and October 31, 2022.

**(h) Lease**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h) and 2(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognized the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities separately in the statement of financial position. The current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

**(i) Credit losses and impairment of assets*****(i) Credit losses from financial instruments***

The Group recognises a loss allowance for expected credit loss (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, debt investments and other receivables).

Other financial assets measured at fair value are not subject to the ECL assessment.



*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

*Basis of calculation of interest income*

Interest income recognised in accordance with Note 2(p)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less allowance for impairment losses) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

*Write-off policy*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

*(ii) Impairment of other non-current assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets;
- right-of-use assets;
- investment properties; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

*– Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

*– Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

*– Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

**(j) Contract liabilities**

A contract liability is recognised when a payment is received from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract. The customers are entitled to the refund of payments in relation to the proportionate services not yet rendered. The refund to customers will be accounted for as a decrease in the contract liabilities.

**(k) Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(j)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

**(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(i)(i).

**(m) Trade and other payables**

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(n) Employee benefits*****(i) Short-term employee benefits and contributions to defined contribution retirement plans***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

***(ii) Share-based payment***

The fair value of restricted share units granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value of restricted share units is measured at grant date using the market price of the Company's shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of restricted share units that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of restricted share units that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount related to restricted share units is recognised in other reserve until the restricted share units become vested.

**(o) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax assets can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credit, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company and the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

**(p) Revenue recognition**

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

**(i) Online investment decision-making solution services***Online high-end investor education services*

For online high-end investor education services, the Group earns revenue by providing a comprehensive education curricula and internet-based professional investment decision-making solution services for the mass affluent class in China during the subscription period for a fixed fee. The services include pre-recorded online courses, livestreaming broadcasts, express market reviews, as well as various premium services such as one-on-one advisory services. The revenues are recognized during the subscription period on a straight-line, time-elapsed basis.

*Financial information software services*

For financial information software services, the Group provides professional, timely and broad financial market related information, data analysis, and investment decision-making support to customers with greater investment experience and more complex needs during the subscription period for a fixed fee. The revenues are recognized during the subscription period on a straight-line, time-elapsed basis.

*Online financial literacy education services*

For online financial literacy education services, the Group provides financial knowledge and asset management skills for novice investors during the subscription period for a fixed fee. The revenues are recognized during the subscription period on a straight-line, time-elapsed basis.

**(ii) Interest income**

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

**(iii) Rental income from operating leases**

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

**(iv) Dividends**

Dividends income from equity investments is recognised when the investor's right to receive payment is established.

**(v) Government grants**

Government grants are recognised in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the assets and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

**(q) Translation of foreign currencies**

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

**(r) Related parties**

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(s) Segment reporting**

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group's chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group.

For the purpose of internal reporting and management's operation review, the Group's Chief Executive Officer and management personnel do not segregate the Group's business by service lines. All service categories are viewed as one and the only operating segment.

### **3 ACCOUNTING JUDGEMENT AND ESTIMATES**

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

**(a) Recognition of income taxes and deferred tax assets**

Determining income tax provision involves judgement on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

**(b) Determining the lease term**

As explained in policy note 2(h), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

## 4 REVENUE

The principal activities of the Group are providing online high-end investor education services, financial information software services and online financial literacy education services in the PRC.

The amount of each significant category of revenue is as follows:

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000	2022 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15					
Online high-end investor education services	274,222	708,624	1,149,307	894,367	954,461
Financial information software services	–	–	288,126	168,782	589,434
Online financial literacy education services	–	51	14,489	11,158	2,192
	<u>274,222</u>	<u>708,675</u>	<u>1,451,922</u>	<u>1,074,307</u>	<u>1,546,087</u>

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000	2022 RMB'000
Over time	<u>274,222</u>	<u>708,675</u>	<u>1,451,922</u>	<u>1,074,307</u>	<u>1,546,087</u>

The Group receives subscription fees from customers in advance prior to the beginning of each subscription period. Subscription fees are recognised proportionately over the period in which the services are provided. The customers are entitled to the refund of payments in relation to the proportionate services not yet rendered. The refund to customers will be accounted for as a decrease in the contract liabilities (see note 18).

During the Track Record Period, no customer individually accounted for more than 10% of the Group's total revenue.

**Remaining Performance Obligation**

The Group has elected the practical expedient not to disclose the information about remaining performance obligations which are part of contracts that have an original expected duration of one year or less and do not disclose the value of remaining performance obligations for contracts in which the Group recognises revenue at the amount to which the Group has the right to invoice.

All of the Group's operating assets are located in the PRC and all of the Group's revenue and operating profits are derived from the PRC during the Track Record Period. Accordingly, no segment analysis based on geographical locations is provided.



## 5 OTHER INCOME

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Government grants					
– VAT refund	–	47,316	134,997	101,138	87,655
– Other government grants	1,597	6,766	12,382	5,489	10,427
Gain on software copyright transfer	–	–	54,461	1,338	24,786
Net realised and unrealised gain from financial assets at fair value through profit or loss	5,011	13,924	22,417	19,362	18,770
Gain on disposal of intangible assets	–	254	7,670	7,670	–
Advertisement income	6,830	739	2,239	2,163	62
Net gain on disposal of investment properties	–	–	1,371	1,371	–
Interest income	302	25	105	34	133
Rental income	857	454	56	56	–
Others	9	1,721	1,870	233	1,419
<b>Total</b>	<b>14,606</b>	<b>71,199</b>	<b>237,568</b>	<b>138,854</b>	<b>143,252</b>

## 6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is arrived at after charging/(crediting):

## (a) Staff cost

	Note	Year ended December 31,			Ten months ended October 31,	
		2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Salaries, wages and other benefits		111,534	280,691	572,722	403,660	524,941
Contributions to defined contribution retirement plan (i)		9,506	1,059	48,068	38,459	(502)
Equity-settled share-based compensation expenses	20	5,210	110	–	–	–
<b>Total</b>		<b>126,250</b>	<b>281,860</b>	<b>620,790</b>	<b>442,119</b>	<b>524,439</b>
<b>Included in:</b>						
Cost of sales		46,479	68,382	176,243	125,309	169,950
Research and development expenses		554	87,050	186,248	122,057	162,793
General and administrative expenses		16,138	26,440	42,390	29,642	43,442
Sales and marketing expenses		63,079	99,988	215,909	165,111	148,254

Note:

- (i) Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees. In 2020, to reduce the impact of the COVID-19 pandemic on enterprises, governments in certain regions in the PRC had gradually reduced or exempted the social insurance contributions.

(b) Finance cost

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000	2022 RMB'000
Interest expense on lease liabilities (note 12)	–	–	1,765	1,442	1,974

(c) Other items

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000	2022 RMB'000
Internet traffic procurement expenses	67,744	271,612	640,018	534,043	661,634
Software commissioned development expenses	143,506	103,552	–	–	–
Amortisation of intangible assets (note 13)	5,000	16,707	12,844	11,522	2,963
Rental and property fee	4,485	9,714	6,889	6,380	6,327
Rental Exemption of COVID-19	–	–	–	–	(6,658)
Technology service fee	5,143	9,543	1,561	1,179	7,424
Taxes and surcharges	1,555	7,753	18,877	14,021	12,800
Donation	–	5,000	–	–	–
Office and travel expenses	1,453	4,576	6,025	2,976	6,459
Depreciation charge (note 11/note 15)	174	2,192	4,895	3,843	6,804
Audit fee	4	116	90	90	107
Listing expenses	–	–	24,746	21,026	16,568
Depreciation of right-of-use assets	–	–	25,518	19,441	31,195

## 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

## (a) Taxation in the consolidated statements of profit or loss:

	Note	Year ended December 31,			Ten months ended October 31,	
		2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000	2022 RMB'000
<i>(unaudited)</i>						
<b>Current tax</b>						
- PRC Enterprise Income Tax ("EIT") Provision for the year/period	21(a)	19,012	21,269	86,768	64,797	(6,266)
<b>Deferred tax</b>						
- (Origination)/Reversal of temporary differences	21(b)	(33,301)	(52,195)	(18,221)	(4,116)	37,753
		<u>(14,289)</u>	<u>(30,926)</u>	<u>68,547</u>	<u>60,681</u>	<u>31,487</u>

## (b) Reconciliation between tax (benefit)/expense and accounting (loss)/profit at applicable tax rates:

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000	2022 RMB'000
<i>(unaudited)</i>					
<b>(Loss)/Profit before taxation</b>	<u>(72,129)</u>	<u>55,756</u>	<u>300,878</u>	<u>135,983</u>	<u>379,890</u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable in the jurisdictions concerned	(18,032)	13,939	75,219	33,996	96,318
Tax effect of PRC preferential tax rate	-	(4,051)	(21,907)	(16,663)	(39,534)
Tax effect of tax rate changes on deferred taxes	-	(31,317)	35,670	35,670	-
Super-deduction of research and development expense	(85)	(15,396)	(33,742)	-	-
Tax effect of non-deductible expenses	2,692	724	261	191	287
Tax effect of tax losses and temporary differences not recognised	1,136	5,175	12,920	9,130	3,009
Recognition of previously unrecognised tax losses	-	-	(1,595)	(1,643)	-
Tax filing difference	-	-	-	-	(27,845)
Others	-	-	1,721	-	(748)
<b>Actual income tax (benefit)/expense</b>	<u>(14,289)</u>	<u>(30,926)</u>	<u>68,547</u>	<u>60,681</u>	<u>31,487</u>

Notes:

### Cayman Islands and BVI

Under the current laws of the Cayman Islands and BVI, the Group is not subject to tax on income or capital gains. Additionally, upon payments of dividends by JF Wealth Holdings Ltd to its shareholders, neither Cayman Islands nor BVI withholding tax will be imposed.

### Hong Kong

The Company's Hong Kong subsidiary, are subject to an income tax rate of 16.5% for the year ended December 31, 2021 and the ten months ended October 31, 2022. No provision for Hong Kong profits tax was made as the Group's Hong Kong subsidiary had no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

### PRC

All the Company's subsidiaries established in the PRC, are subject to an income tax rate of 25%, according to the PRC Enterprise Income Tax Law (the "EIT Law") in the years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022.

Jiufangyun was granted the "Key Software Enterprise" status in May 2021 and June 2022, and therefore was entitled to a preferential income tax rate of 10% for the fiscal year of 2020 and 2021.

Jiufangyun was granted the "Eligible high-tech enterprise" status in November 2021 and therefore was entitled to a preferential income tax rate of 15% for the years ended December 31, 2021, 2022 and 2023, as long as it continues meeting the related requirements.

## 8 DIRECTORS' EMOLUMENTS

	Year ended December 31, 2019						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director							
Cai Zi	–	508	2,000	50	2,558	836	3,394
	–	508	2,000	50	2,558	836	3,394

	Year ended December 31, 2020						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director							
Cai Zi	–	508	300	12	820	–	820
	–	508	300	12	820	–	820

	Year ended December 31, 2021						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive director</b>							
Cai Zi	–	558	8,000	58	8,616	–	8,616
<b>Non-executive directors</b>							
Chen Wenbin	–	–	–	–	–	–	–
Yan Ming	–	–	–	–	–	–	–
CHEN NINGFENG	–	–	–	–	–	–	–
Chen Jigeng	–	–	–	–	–	–	–
Li Feng	–	–	–	–	–	–	–
Fan Yonghong	–	–	–	–	–	–	–
Tian Shu	–	–	–	–	–	–	–
	–	558	8,000	58	8,616	–	8,616

	Ten months ended October 31, 2022						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive director</b>							
Cai Zi	–	703	–	53	756	–	756
<b>Non-executive directors</b>							
Chen Wenbin	–	–	–	–	–	–	–
Yan Ming	–	–	–	–	–	–	–
CHEN NINGFENG	–	–	–	–	–	–	–
Chen Jigeng	–	–	–	–	–	–	–
Li Feng (Resigned in September 2022)	–	–	–	–	–	–	–
Fan Yonghong	–	–	–	–	–	–	–
Tian Shu	–	–	–	–	–	–	–
	–	703	–	53	756	–	756

	Ten months ended October 31, 2021 (unaudited)						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive director</b>							
Cai Zi	–	470	–	48	518	–	518
	–	470	–	48	518	–	518

During the Track Record Period, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Group waived or agreed to waive any emoluments during the Track Record Period.

Mr. Chen Wenbin was appointed as non-executive director of the Company in May 2021. Mr. Cai Zi was appointed as executive director of the Company in August 2021 and Mr. Yan Ming, Ms. CHEN NINGFENG, Mr. Chen Jigeng, Mr. Li Feng, Mr. Fan Yonghong and Mr. Tian Shu were appointed as non-executive directors of the Company at the same time. Mr Li Feng resigned to the Board since he is unable to devote sufficient time to the affairs of the Board due to other work arrangements in September 2022. The emoluments shown above includes remuneration received from the Group by them in their capacity as employees of the Group during the Track Record Period.

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals for the years ended December 31, 2019, 2020, 2021 and October 31, 2022 are set forth below:

	Year ended December 31,			Ten months ended October 31,	
	2019	2020	2021	2021 (unaudited)	2022
Directors	1	–	1	–	–
Non-directors	4	5	4	5	5
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

The emoluments of the directors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Salaries, allowances and benefits in kind	3,682	4,295	4,597	5,404	11,802
Retirement scheme contributions	158	53	97	75	209
Discretionary bonuses	4,046	1,860	2,775	–	1,500
Share-based payment	732	–	–	–	–
Total	<u>8,618</u>	<u>6,208</u>	<u>7,469</u>	<u>5,479</u>	<u>13,511</u>

The emoluments of the other individuals with the highest emoluments are within the following band:

	Year ended December 31,			Ten months ended October 31,	
	2019 Number of individuals	2020 Number of individuals	2021 Number of individuals	2021 Number of individuals (unaudited)	2022 Number of individuals
Nil – HKD1,000,000	–	–	–	–	–
HKD1,000,001 – HKD1,500,000	1	4	3	4	–
HKD1,500,001 – HKD2,000,000	1	–	–	1	–
HKD2,000,001 – HKD2,500,000	–	1	–	–	2
HKD2,500,001 – HKD3,000,000	1	–	–	–	1
HKD3,000,001 – HKD3,500,000	–	–	1	–	1
HKD3,500,001 – HKD4,000,000	–	–	–	–	–
HKD4,000,001 – HKD4,500,000	1	–	–	–	–
HKD4,500,001 – HKD5,000,000	–	–	–	–	–
HKD5,000,001 – HKD5,500,000	–	–	–	–	–
HKD5,500,001 – HKD6,000,000	–	–	–	–	1

## 10 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful due to the Reorganisation and the basis of preparation of the financial information of the Group for the Track Record Period as disclosed in Note 1.

## 11 PROPERTY, PLANT AND EQUIPMENT

	Electronic and other equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost:</b>				
As at January 1, 2019	–	–	–	–
Additions	1,516	–	–	1,516
Disposals	(1)	–	–	(1)
As at December 31, 2019/ January 1, 2020	1,515	–	–	1,515
Additions	8,643	264	745	9,652
Disposals	(8)	–	–	(8)
As at December 31, 2020/ January 1, 2021	10,150	264	745	11,159
Additions	15,131	–	2,148	17,279
Disposals	(83)	–	–	(83)
As at December 31, 2021/ January 1, 2022	25,198	264	2,893	28,355
Additions	4,640	–	91	4,731
Disposals	(53)	–	–	(53)
As at October 31, 2022	29,785	264	2,984	33,033
<b>Accumulated depreciation:</b>				
As at January 1, 2019	–	–	–	–
Charge for the year	(174)	–	–	(174)
Disposals	*	–	–	*
As at December 31, 2019/ January 1, 2020	(174)	–	–	(174)
Charge for the year	(1,561)	(28)	(492)	(2,081)
Disposals	2	–	–	2
As at December 31, 2020/ January 1, 2021	(1,733)	(28)	(492)	(2,253)
Charge for the year	(4,235)	(85)	(408)	(4,728)
Disposals	37	–	–	37
As at December 31, 2021/ January 1, 2022	(5,931)	(113)	(900)	(6,944)
Charge for the period	(6,430)	(25)	(349)	(6,804)
Disposals	33	–	–	33
As at October 31, 2022	(12,328)	(138)	(1,249)	(13,715)
<b>Net book value:</b>				
As at December 31, 2019	1,341	–	–	1,341
As at December 31, 2020	8,417	236	253	8,906
As at December 31, 2021	19,267	151	1,993	21,411
As at October 31, 2022	17,457	126	1,735	19,318

\* The balance represents an amount less than RMB1,000.

## 12 LEASE

## (a) Amounts recognised in the consolidated statements of financial position:

	As at December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Right-of-use assets</b>				
– Buildings	–	–	46,975	50,284
	<u>–</u>	<u>–</u>	<u>46,975</u>	<u>50,284</u>
<b>Lease liabilities</b>				
– Current	–	–	(45,890)	(32,378)
– Non-current	–	–	(1,837)	(14,338)
	<u>–</u>	<u>–</u>	<u>(1,837)</u>	<u>(14,338)</u>
	<u>–</u>	<u>–</u>	<u>(47,727)</u>	<u>(46,716)</u>

The Group has obtained the right to use certain office buildings through tenancy agreements during the Track Record Period. The leases contains a fixed term of one year from the date of agreement, and will be automatically renewed for another year unless otherwise agreed by the parties. None of the leases includes an variable lease payments. The analysis of the net book value of right-of-use assets is presented below:

	Office buildings
	RMB'000
As at December 31, 2019 and 2020 and 1 January 2021	–
Additions	72,493
Charge for the year	(25,518)
	<u>46,975</u>
As at December 31, 2021	<u>46,975</u>
Additions	17,553
Lease terminations	(958)
Lease modifications	17,909
Charge for the period	(31,195)
	<u>50,284</u>
As at October 31, 2022	<u>50,284</u>

The following table shows the remaining contractual of the Group's liabilities at each report date:

	As at December 31, 2021	
	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	RMB'000
Less than 1 year	45,890	46,975
After 1 year but within 2 years	1,837	1,860
	<u>47,727</u>	<u>48,835</u>
Subtotal	<u>47,727</u>	<u>48,835</u>
Less: total future interest expenses		(1,108)
Present value of lease liabilities		<u>47,727</u>



	As at October 31, 2022	
	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>
Less than 1 year	32,378	33,728
After 1 year but within 2 years	14,338	14,444
Subtotal	<u>46,716</u>	<u>48,172</u>
Less: total future interest expenses		<u>(1,456)</u>
Present value of lease liabilities		<u><u>46,716</u></u>

(b) The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended December 31,			Ten months ended October 31,	
	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(unaudited)</i>	2022 <i>RMB'000</i>
Depreciation charge of right-of-use assets	–	–	25,518	19,441	31,195
Interest expense on lease liabilities	–	–	1,765	1,442	1,974
Expense relating to short-term leases	4,167	9,200	6,049	5,602	157
Gain on lease terminations and modifications	–	–	–	–	(20)
COVID-19-related rent concessions received	–	–	–	–	<u>(6,658)</u>
Total	<u>4,167</u>	<u>9,200</u>	<u>33,332</u>	<u>26,485</u>	<u>26,648</u>

Details of total cash outflow for leases, and the future cash outflows are set out in Note 17(d) and Note 23(b), respectively.

### 13 INTANGIBLE ASSETS

	Software <i>RMB'000</i>	Trademark and License <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost:</b>			
As at January 1, 2019	10,000	–	10,000
Additions	<u>25,000</u>	<u>–</u>	<u>25,000</u>
As at December 31, 2019/January 1, 2020	35,000	–	35,000
Additions	2,660	24	2,684
Disposals	<u>(2,539)</u>	<u>–</u>	<u>(2,539)</u>
As at December 31, 2020/January 1, 2021	35,121	24	35,145
Additions	417	6,000	6,417
Disposals	<u>(10,000)</u>	<u>–</u>	<u>(10,000)</u>

	Software RMB'000	Trademark and License RMB'000	Total RMB'000
As at December 31, 2021/January 1, 2022	25,538	6,024	31,562
Additions	1,440	–	1,440
Disposals	–	–	–
As at October 31, 2022	26,978	6,024	33,002
<b>Accumulated amortisation:</b>			
As at January 1, 2019	(833)	–	(833)
Charge for the year	(5,000)	–	(5,000)
As at December 31, 2019/January 1, 2020	(5,833)	–	(5,833)
Charge for the year	(16,695)	(12)	(16,707)
As at December 31, 2020/January 1, 2021	(22,528)	(12)	(22,540)
Charge for the year	(12,582)	(262)	(12,844)
Disposals	10,000	–	10,000
As at December 31, 2021/January 1, 2022	(25,110)	(274)	(25,384)
Charge for the period	(463)	(2,500)	(2,963)
Disposals	–	–	–
As at October 31, 2022	(25,573)	(2,774)	(28,347)
<b>Net book value:</b>			
As at December 31, 2019	29,167	–	29,167
As at December 31, 2020	12,593	12	12,605
As at December 31, 2021	428	5,750	6,178
As at October 31, 2022	1,405	3,250	4,655

#### 14 EQUITY AND DEBT INVESTMENTS

##### (a) Financial assets at fair value through profit or loss

	Note	As at December 31,			As at
		2019	2020	2021	October 31,
		RMB'000	RMB'000	RMB'000	2022
					RMB'000
<b>Equity securities</b>					
– Funds	(i)	101,304	210,528	–	–
– Wealth management products	(ii)	26,055	175,895	771,302	511,804
– Listed equity securities	(iii)	–	11,954	–	70,577
– Asset management plan	(iv)	–	–	–	228,065
– Structured deposit		–	–	30,056	–
		127,359	398,377	801,358	810,446

*Notes:*

- (i) Funds are managed by related parties, which are licensed asset management companies, and are measured at fair value using the net asset value per unit (or its equivalent). The underlying investments include listed equity securities and other investments, all of which have readily determinable fair values and are measured at fair value.

The Group determines whether or not to consolidate these equity funds depending on whether the Group has control over them. As at December 31, 2019, 2020, 2021 and October 31, 2022, the total assets of the consolidated equity funds are RMB10,096,000, RMB11,969,000, nil and nil, respectively, and the carrying amount of interests held by the Group in the consolidated equity funds are RMB10,043,000, RMB11,887,000, nil and nil, respectively.

- (ii) Wealth management products issued by banks mainly invest in money market and fixed income products, including government bonds, treasury bills, and other fixed income investments. Wealth management products can be redeemed upon demand.
- (iii) Listed equity securities include listed stocks, funds and tradable convertible bonds. All of which have readily determinable fair values and are measured at fair value.
- (iv) Asset management plan are managed by the fund management company, the underlying investments include listed equity securities and other fixed income investments, all of which have readily determinable fair values and are measured at fair value.

**(b) Financial assets measured at amortized cost**

	<i>Note</i>	As at December 31,			As at
		2019	2020	2021	October 31,
		RMB'000	RMB'000	RMB'000	2022
					RMB'000
Securities purchased under resale agreements	(i)	10,091	–	–	–

*Note:*

- (i) Financial assets measured at amortized cost were securities purchased under resale agreements, which matured and settled on January 2, 2020. The Group did not provide credit loss allowance as at 31 December 2019.

**15 INVESTMENT PROPERTIES**

	Total
	RMB'000
<b>Cost:</b>	
As at December 31, 2019	–
Additions	6,663
	<hr/>
As at December 31, 2020	6,663
Disposals	(6,663)
	<hr/>
As at December 31, 2021	–
Disposals	–
	<hr/>
As at October 31, 2022	-----
<b>Accumulated amortisation:</b>	
As at December 31, 2019	–
Charge for the year	(111)
	<hr/>

	<b>Total</b> <i>RMB'000</i>
As at December 31, 2020	(111)
Charge for the year	(167)
Disposals	278
As at December 31, 2021	–
Charge for the period	–
Disposals	–
As at October 31, 2022	–
<b>Net book value:</b>	
As at December 31, 2019	–
As at December 31, 2020	6,552
As at December 31, 2021	–
As at October 31, 2022	–

The fair value of investment property is valued by an independent third party valuer to be RMB7,430,000 as at December 31, 2020. The Group's investment property is located in the PRC. The fair value was determined based on the market approach.

## 16 PREPAYMENTS AND OTHER RECEIVABLES

### The Group

	<i>Note</i>	<b>As at December 31,</b>			<b>As at</b>
		<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>October 31,</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<b>2022</b>
					<i>RMB'000</i>
Amounts due from related parties	(i)	1,364	22,421	56,814	25,161
VAT refund receivable		–	27,709	47,567	–
Prepayment to suppliers		11,908	9,337	28,875	44,913
Receivables from internet platforms		–	–	8,728	826
Receivables from software copyright transfer		–	–	–	5,602
Deposits		3,385	11,921	6,799	13,458
Deferred listing expenses		–	–	5,436	6,330
Employee loans		–	–	–	8,740
Others		1,604	3,641	2,749	3,073
		<u>18,261</u>	<u>75,029</u>	<u>156,968</u>	<u>108,103</u>

Note:

- (i) As at December 31, 2019, 2020, 2021 and October 31, 2022, the nature of amounts due from related parties is as follows:

	As at December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Amounts due from related parties</b>				
– Trade	1,364	22,421	56,814	25,161
– Non-trade	–	–	–	–
	<u>1,364</u>	<u>22,421</u>	<u>56,814</u>	<u>25,161</u>

#### The Company

As at October 31, 2022, the prepayments and other receivables consists of capitalized amount of the listing expenses and will be deducted from the equity upon the listing.

#### 17 CASH AND CASH EQUIVALENTS, RESTRICTED CASH, AND OTHER CASH FLOW INFORMATION

- (a) Cash and cash equivalents comprise:

	As at December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Cash at banks	6,369	1,020	15,557	12,074
Cash equivalents (i)	9,337	15,097	27,582	15,562
Cash on hand	10	20	100	42
	<u>15,716</u>	<u>16,137</u>	<u>43,239</u>	<u>27,678</u>

- (i) Cash equivalents represents cash balances kept in third party payment companies, which can be withdrawn by the Group at any time.

- (b) Restricted cash

	As at December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<i>Current assets</i>				
Restricted cash	1	6	–	–
	<u>1</u>	<u>6</u>	<u>–</u>	<u>–</u>
Total	<u>1</u>	<u>6</u>	<u>–</u>	<u>–</u>

Restricted cash represents cash in a equity fund, which is consolidated by the Group. The Group has presented restricted cash separately from cash and cash equivalents on the consolidated statements of financial position.

## (c) Reconciliation of (loss)/profit before taxation to cash generated from operations:

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
(Loss)/Profit before taxation	(72,129)	55,756	300,878	135,983	379,890
<i>Adjustments for:</i>					
Depreciation charge	174	2,192	4,895	3,843	6,804
Amortisation of intangible assets	5,000	16,707	12,844	11,522	2,963
Depreciation of right-of-use assets	–	–	25,518	19,441	31,195
Finance cost	–	–	1,765	1,442	1,974
Net realised and unrealised gain from financial investments at fair value through profit or loss	(5,011)	(13,924)	(22,417)	(19,362)	(18,770)
Interest income from financial assets measured at amortized cost	(215)	(10)	–	–	–
Interest income from bank deposits	(87)	(15)	(105)	(34)	(133)
COVID-19-related rent concessions received	–	–	–	–	(6,658)
Gain on lease terminations and modifications	–	–	–	–	(20)
Gain on sale of property, plant and equipment	–	–	(23)	(3)	(1)
Gain on sale of investment properties	–	–	(1,371)	(1,371)	–
Gain on sale of intangible assets	–	(254)	(7,670)	(7,670)	–
Share-based compensation	5,210	110	–	–	–
Foreign exchange losses	–	–	–	–	43
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Changes in working capital</b>					
(Increase)/Decrease in restricted cash	(1)	(5)	6	6	–
(Increase)/Decrease in prepayments and other receivables	(8,586)	(35,463)	(76,294)	(44,205)	55,195
Increase/(Decrease) in contract liabilities	117,776	219,709	320,436	232,864	(208,613)
Increase/(Decrease) in accrued expenses and other liabilities	106,602	82,187	61,796	(46,718)	(172,694)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Cash generated from operating activities</b>	<b><u>148,733</u></b>	<b><u>326,990</u></b>	<b><u>620,258</u></b>	<b><u>285,738</u></b>	<b><u>71,175</u></b>

**(d) Reconciliation of liabilities arising from financing activities:**

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flow as cash flows from financing activities.

	<b>Lease liabilities</b> <i>RMB'000</i>
<b>At January 1, 2021</b>	–
<b>Changes from financing cash flows:</b>	
Capital element of lease rentals paid	(24,766)
Interest element of lease rentals paid	(1,765)
	<hr/>
Total changes from financing cash flows	(26,531) -----
<b>Exchange adjustments</b>	–
<b>Other changes:</b>	
Increase in lease liabilities from entering into new leases during the period	72,493
Interest expenses	1,765
	<hr/>
Total other changes	74,258 -----
<b>At December 31, 2021</b>	<b>47,727</b> <hr/> <hr/>
<b>Changes from financing cash flows:</b>	
Capital element of lease rentals paid	(28,836)
Interest element of lease rentals paid	(1,974)
	<hr/>
Total changes from financing cash flows	(30,810) -----
<b>Exchange adjustments</b>	–
<b>Other changes:</b>	
Increase in lease liabilities from entering into new leases during the period	17,553
COVID-19-related rent concessions received	(6,658)
Lease terminations	(973)
Lease modifications	17,903
Interest expenses	1,974
	<hr/>
Total other changes	29,799 -----
<b>At October 31, 2022</b>	<b>46,716</b> <hr/> <hr/>
<b>At January 1, 2021</b>	–
<b>Changes from financing cash flows:</b>	
Capital element of lease rentals paid	(23,282)
Interest element of lease rentals paid	(1,442)
	<hr/>
Total changes from financing cash flows	(24,724) -----
<b>Exchange adjustments</b>	–
<b>Other changes:</b>	
Increase in lease liabilities from entering into new leases during the period	72,422
Interest expenses	1,442
	<hr/>
Total other changes	73,864 -----
<b>At October 31, 2021</b>	<b>49,140</b> <hr/> <hr/>

## 18 CONTRACT LIABILITIES

	As at December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Advances received from customers	124,847	344,556	664,992	456,378
<i>Movements in contract liabilities</i>				
	Years ended December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Balance at January 1,	7,071	124,847	344,556	664,992
Additions	425,008	1,028,793	2,036,567	1,720,796
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(6,081)	(120,412)	(313,794)	(567,690)
Decrease in contract liabilities as a result of recognising revenue during the same year	(268,141)	(588,263)	(1,138,128)	(978,397)
Decrease in contract liabilities as a result of refund to customers	(33,010)	(100,409)	(264,209)	(383,323)
Balance at December 31, October 31,	124,847	344,556	664,992	456,378

The contract liabilities relate to the advance subscription fees received from customers, for which revenue is recognised over time. Subscription fees of RMB425 million, RMB1,029 million, RMB2,037 million and RMB1,721 million were received in the year 2019, 2020, 2021 and ten months ended October 31, 2022 respectively, of which, RMB268 million, RMB588 million, RMB1,138 million and RMB978 million were recognised as revenue in the same year.

## 19 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

## The Group

	Note	As at December 31,			As at
		2019	2020	2021	October 31,
		RMB'000	RMB'000	RMB'000	2022
					RMB'000
Amounts due to related parties	(i)	115,066	104,359	20,612	18,426
Accrued payroll and welfare		35,575	86,186	158,261	65,468
VAT and surcharges payable		7,688	44,338	82,324	4,887
Accrued listing expenses		–	–	8,155	20,553
Accrued internet traffic procurement expense		–	2,838	40,324	30,753
Other accrued expenses and other payables		907	3,120	4,753	8,273
<b>Total</b>		<b>159,236</b>	<b>240,841</b>	<b>314,429</b>	<b>148,360</b>



Note:

- (i) As at December 31, 2019, 2020, 2021 and October 31, 2022, the nature of amounts due to related parties is as follows:

	As at December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Amounts due to related parties</b>				
– Trade	103,406	19,449	9,223	74
– Non-trade	11,660	84,910	11,389	18,352
	<u>115,066</u>	<u>104,359</u>	<u>20,612</u>	<u>18,426</u>

The directors of the Company confirm that the non-trade balance will be settled before the initial listing of the shares of the Company.

#### The Company

	As at	As at
	December 31,	October 31,
	2021	2022
	RMB'000	RMB'000
Accrued listing expenses	–	17,463
	<u>–</u>	<u>17,463</u>

## 20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

In 2019, Yintech Investment Holdings Limited (“Yintech”), the controlling shareholder of Fudong, granted 2,734,120 restricted share units (“RSUs”) to eligible persons of Fudong and Jiufangyun. Upon vesting, each RSU shall be entitled to the transfer or issue of one ordinary share in the share capital of Yintech. The fair value of the granted ordinary shares was measured on the quoted price of the Yintech’s shares on the grant date. During the year ended 31 December 2019, the Group has recognised employee benefit expenses of RMB5,210,000 in the consolidated statements of profit or loss and other comprehensive income in relation to equity-settled share-based transactions.

In November 2020, Yintech completed its privatization. Pursuant to the agreement, each RSU granted under the Yintech’s share incentive plans that was outstanding and unexercised, whether or not vested or exercisable, was cancelled immediately, and the holder of such RSU has the right to receive cash consideration from Yintech. As at the date of cancellation, the unrecognized expenses that would have been recognized for services received over the remainder of vesting period was RMB29,000. The Group accounted for the cancellation as an acceleration of vesting and recognised immediately the amount in profit or loss.

On June 1, 2021, the Pre-IPO RSU Scheme was adopted by the Company to certain directors, eligible persons and employees for their services and contribution to the success of the Group. The total number of Shares underlying the Pre-IPO RSU Scheme shall not exceed 200,000,000 Shares. The RSUs will be vested during the vesting period, subject to the fulfillment of certain operational and/or financial performance targets as set by the Board that are probable of being met. As at October 31, 2022, the Company had not granted any RSUs to employees.

## 21 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- (a) Current taxation in the consolidated statement of financial position represents:

	As at December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
PRC Corporate Income Tax				
At 1 January	–	18,696	24,499	87,155
Charged to profit or loss (note 7)	19,012	21,269	86,768	(6,266)
Payments during the year/period	(316)	(15,466)	(24,112)	(59,310)
	<u>18,696</u>	<u>24,499</u>	<u>87,155</u>	<u>21,579</u>

**(b) Deferred tax assets and liabilities recognised:****(i) Movement of each component of deferred tax assets and liabilities**

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year/(period) are as follows:

<b>Deferred tax arising from:</b>	<b>Deductible accumulative losses</b> <i>RMB'000</i>	<b>Other deductible temporary differences</b> <i>RMB'000</i>	<b>Changes in the fair value</b> <i>RMB'000</i>	<b>Contract liabilities</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At January 1, 2019	1,061	850	–	1,768	3,679
Credited/(Charged) to profit or loss <i>(Note 7(a))</i>	<u>(1,061)</u>	<u>5,745</u>	<u>(827)</u>	<u>29,444</u>	<u>33,301</u>
At December 31, 2019 and January 1, 2020	–	6,595	(827)	31,212	36,980
Tax effect of tax rate changes on deferred taxes <i>(Note 7(a))</i>	–	(431)	(1,208)	32,956	31,317
Credited/(Charged) to profit or loss <i>(Note 7(a))</i>	<u>–</u>	<u>(287)</u>	<u>(806)</u>	<u>21,971</u>	<u>20,878</u>
At December 31, 2020 and January 1, 2021	–	5,877	(2,841)	86,139	89,175
Tax effect of tax rate changes on deferred taxes <i>(Note 7(a))</i>	–	(2,351)	1,137	(34,456)	(35,670)
Credited/(Charged) to profit or loss <i>(Note 7(a))</i>	<u>–</u>	<u>5,462</u>	<u>692</u>	<u>47,737</u>	<u>53,891</u>
At December 31, 2021 and January 1, 2022	–	8,988	(1,012)	99,420	107,396
Credited/(Charged) to profit or loss <i>(Note 7(a))</i>	<u>–</u>	<u>(8,184)</u>	<u>1,395</u>	<u>(30,964)</u>	<u>(37,753)</u>
At October 31, 2022	<u>–</u>	<u>804</u>	<u>383</u>	<u>68,456</u>	<u>69,643</u>

*(ii) Reconciliation to the consolidated statements of financial position*

	As at December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	36,980	89,175	107,396	69,643
Net deferred tax liabilities recognised in the consolidated statements of financial position	—	—	—	—
At the end of year/period	<u>36,980</u>	<u>89,175</u>	<u>107,396</u>	<u>69,643</u>

*(iii) Deferred tax assets not recognised*

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB5,568,593, RMB26,196,173, RMB57,518,851 and RMB70,325,999 as at December 31, 2019, 2020, 2021 and October 31, 2022, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction before they expire.

**22 CAPITAL AND RESERVES****(a) Share capital**

The Company was incorporated in the Cayman Islands in May 2021 with an authorised share capital of HK\$20,000 divided into 2,000,000,000 shares of a nominal or par value of HK\$0.00001 each.

On July 20, 2021, 81,230 shares were allotted and issued to shareholders of the Company with par value of HK\$0.00001 each, as detailed in the section headed “History, Reorganisation and Corporate Structure” to the Prospectus.

**(b) Reserves**

*(i)* Capital reserve as at December 31, 2019 and 2020, primarily consist of share-based compensation.

*(ii) PRC statutory reserve*

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC.

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after taxation, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves is non-distributable other than in liquidation and can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

*(iii) Treasury share reserve*

Silver Runner Limited was incorporated in the BVI with limited liability and wholly owned by the Company's ultimate owners (“RSU Holding Entity”), holding ordinary shares for and on behalf of employees under the Pre-IPO Restricted Share Unit Scheme which was adopted on June 1, 2021 (“Pre-IPO RSU Scheme”).

As the Company has power to govern the relevant activities of Pre-IPO RSU Scheme and can derive benefits from the contributions of the eligible employees who are awarded with the shares under the Pre-IPO RSU Scheme. Therefore, the ordinary shares of 5,686 issued to RSU Holding Entity was presented as treasury shares as at October 31, 2022. These treasury shares represent the shares held by employee share trust controlled by the Company for the Pre-IPO RSU Scheme.

*(iv) The reserve of the Company*

The reserve of the Company represents accumulated deficit of RMB 16,567,519 of the Company.

**(c) Dividends**

During the period from January 1, 2019 to the completion of the Reorganization, RMB25,640,000 dividends were distributed by Fudong to its owners.

After the completion of the Reorganization, no dividends were declared by the Company.

**(d) Reorganization**

As part of the Reorganisation, JF Shanghai acquired 100% equity interest of Fudong at a consideration of RMB135,000,000. The transfer was completed on August 3, 2021.

**(e) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## **23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

Exposure to credit risk, liquidity risk, interest rate risk, foreign exchange risk and price risk arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practice used by the Group to manage these risks are described below.

**(a) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group did not have trade receivables. The counterparties of the Group's other receivables are mainly the Group's related parties, for which the Group considers to have low credit risk. The exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a minimum credit rating.

The Group does not provide any guarantees which would expose the Group to credit risk.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the Track Record Period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	As at December 31, 2019					
	Within 1 year or on demand	Contractual More than 1 year but less than 2 years	Contractual More than 2 years but less than 5 years	Contractual More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses and other current liabilities	159,236	–	–	–	159,236	159,236
	<u>159,236</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>159,236</u>	<u>159,236</u>
	As at December 31, 2020					
	Within 1 year or on demand	Contractual More than 1 year but less than 2 years	Contractual More than 2 years but less than 5 years	Contractual More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses and other current liabilities	240,841	–	–	–	240,841	240,841
	<u>240,841</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>240,841</u>	<u>240,841</u>
	As at December 31, 2021					
	Within 1 year or on demand	Contractual More than 1 year but less than 2 years	Contractual More than 2 years but less than 5 years	Contractual More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses and other current liabilities	314,429	–	–	–	314,429	314,429
Lease liabilities	46,975	1,860	–	–	48,835	47,727
	<u>361,404</u>	<u>1,860</u>	<u>–</u>	<u>–</u>	<u>363,264</u>	<u>362,156</u>
	As at October 31, 2022					
	Within 1 year or on demand	Contractual More than 1 year but less than 2 years	Contractual More than 2 years but less than 5 years	Contractual More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses and other current liabilities	148,360	–	–	–	148,360	148,360
Lease liabilities	33,728	14,444	–	–	48,172	46,716
	<u>182,088</u>	<u>14,444</u>	<u>–</u>	<u>–</u>	<u>196,532</u>	<u>195,076</u>

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest risk arising from financial assets at fair value through profit or loss is not significant due to the short-term maturity of these financial instruments. Thus, the Group is not exposed to significant interest rate risk during the Track Record Period.

**(d) Foreign exchange risk**

The Group operates mainly in the PRC with most of the transactions settled in RMB. Management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than the respective functional currencies of the Group's entities.

**(e) Price risk**

The Group is exposed to price changes arising from equity securities (see note 14).

Price risk the Group facing is mainly the proportionate fluctuation in the Group's net profits and equity due to the price fluctuation of the financial instruments at fair value through profit or loss.

The sensitivity analysis indicates the instantaneous change in the Group's net profit and equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity securities would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant.

As of December 31, 2019, 2020, 2021 and October 31, 2022, it is estimated that with all other variables held constant, an increase/decrease in the fair values of equity securities by 1% would have increased/decreased the Group's profit before tax by RMB1,274,000, RMB3,984,000, RMB8,014,000 and RMB8,104,000.

**(f) Fair value measurement*****Fair value hierarchy***

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	<b>As at December 31, 2019</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>			
Equity securities			
– Wealth management products	–	26,055	–
– Funds	–	101,304	–
	<u>          </u>	<u>          </u>	<u>          </u>
Total	–	127,359	–
	<u>          </u>	<u>          </u>	<u>          </u>

	As at December 31, 2020		
	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000
<b>Assets</b>			
Equity securities			
– Listed equity securities	11,954	–	–
– Wealth management products	–	175,895	–
– Funds	–	210,528	–
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>11,954</u>	<u>386,423</u>	<u>–</u>

	As at December 31, 2021		
	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000
<b>Assets</b>			
Equity securities			
– Wealth management products	–	771,302	–
– Structured deposit	–	30,056	–
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>–</u>	<u>801,358</u>	<u>–</u>

	As at October 31, 2022		
	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000
<b>Assets</b>			
Equity securities			
– Wealth management products	–	511,804	–
– Listed equity securities	70,577	–	–
– Asset management plan	–	228,065	–
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>70,577</u>	<u>739,869</u>	<u>–</u>

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

***Information about Level 2 fair value measurements***

The fair value of wealth management products, equity funds and asset management plan in level 2 is determined by using the net asset value or quoted prices as at the reporting date. The underlying investments include listed equity securities and other fixed income investments, all of which have readily determinable fair values and are measured at fair value.

## 24 MATERIAL RELATED PARTY TRANSACTIONS

## (a) Name and relationship with related parties

During the years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022, the Group entered into related party transactions with:

Name of the entities	Relationship
Shanghai Qi Jian Information Technology Co., Ltd. ("Qijian") (formerly known as Sina Shi Jin (Shanghai) Information Technology Co., Ltd.)	Shareholder of Fudong
Shanghai Yin Sai Computer Technology Co., Ltd. ("Yinsai") (formerly known as Shanghai Yin Tian Xia Technology Co., Ltd.)	Company Controlled by the Ultimate Owners
Shanghai Bei Xun Industrial Co., Ltd. ("Beixun")	Company Controlled by the Ultimate Owners
Yintech Enterprise (HK) Co., Ltd. ("Enterprise (HK)") (formerly known as Win Yin (HK) Gold Investment Co., Ltd.)	Company Controlled by the Ultimate Owners
Yintech Investment Holdings Limited ("Yintech Investment Holding")	Company Controlled by the Ultimate Owners
Shanghai Yintech Investment Group Co., Ltd ("Yintech Investment")	Company Controlled by the Ultimate Owners
Shanghai Luqian Technology Co., Ltd. ("Luqian")	Company Controlled by the Ultimate Owners
Shanghai Yi Shi Information Technology Co., Ltd. ("Yishi")	Company Controlled by the Ultimate Owners
Shanghai Yin He You Co., Ltd. ("Yinheyou")	Company Controlled by the Ultimate Owners
Shanghai Gold Master Network Technology Co., Ltd. ("Gold Master Technology")	Company Controlled by the Ultimate Owners
Shanghai Chun Da Asset Management Co., Ltd. ("Chunda")	Company Controlled by the Ultimate Owners
Shanghai Hong Xi Private Equity Management Co., Ltd. ("Hongxi") (formerly known as Guangdong Hong Feng Asset Management Co., Ltd.)	Company Controlled by the Ultimate Owners
Dalian Shun Fu Hui Business Information Advisory Co., Ltd. ("Shunfuhui")	Company Controlled by the Ultimate Owners
Shanghai Qian Lin Industrial Co., Ltd. ("Qianlin")	Company Controlled by the Ultimate Owners
Shanghai Xie Yu Properties Co., Ltd. ("Xieyu")	Company Controlled by the Ultimate Owners
Shanghai Fei Xiu Network Technology Co., Ltd. ("Feixiu")	Company Controlled by the Ultimate Owners
Shanghai Fan Di Information Technology Co., Ltd. ("Fandi")	Company Controlled by the Ultimate Owners



Name of the entities	Relationship
Shanghai Gui Di Network Technology Co., Ltd. (“Guidi”)	Company Controlled by the Ultimate Owners
Shanghai Rong Qi Information Technology Service Co., Ltd (“Rongqi”)	Company Controlled by the Ultimate Owners
Shanghai Qi Fu Business Consulting Centre LP (“Qifu”)	Non-controlling shareholder of Jiufangyun

## (b) Key management personnel remuneration

Remuneration for key management personnel of the Group during the Track Record Period is as follows:

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
Salaries, allowances and benefits in kind	1,526	2,275	2,933	2,438	3,265
Discretionary bonuses	5,100	1,200	8,000	–	1,300
Retirement scheme contributions	151	41	269	218	266
Share-based payment	1,568	–	–	–	–
Key management personnel remuneration	<u>8,345</u>	<u>3,516</u>	<u>11,202</u>	<u>2,656</u>	<u>4,831</u>

## (c) The significant related party transactions are summarised as follows:

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (unaudited)	2022 RMB'000
<b>Technology fee</b>					
– Yinsai	13,301	6,237	10	10	–
– Qijian	132,729	99,906	–	–	–
– Yinheyong	1,104	3,646	–	–	–
<b>Cloud server operation fee</b>					
– Yishi	–	–	–	–	13,618
– Yinsai	–	–	–	–	231
<b>Consulting fee</b>					
– Yintech Investment	3,166	1,147	342	342	–
<b>Employee benefits</b>					
– Yintech Investment	–	–	808	–	3,031
– Luqian	–	–	–	–	573
<b>Software development income</b>					
– Qijian	–	1,421	–	–	–

	Year ended December 31,			Ten months ended October 31,	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000	2022 RMB'000
				(unaudited)	
<b>Gain on software copyright transfer</b>					
– Yinsai	–	–	28,200	–	–
– Qijian	–	–	–	–	6,720
– Chunda	–	–	–	–	2,824
– Guidi	–	–	18,024	–	1,798
– Fandi	–	–	2,271	–	–
– Yishi	–	–	1,338	–	8,159
– Gold Master Technology	–	–	87	87	–
<b>Gain on disposal of property, plant and equipment</b>					
– Feixiu	–	–	2	2	–
<b>Gain on disposal of intangible assets</b>					
– Gold Master Technology	–	–	7,670	7,670	–
<b>Advertisement income</b>					
– Qijian	4,369	–	–	–	–
– Shunfuhui	2,400	–	–	–	–
– Qianlin	–	550	–	–	–
<b>Photographic services income</b>					
– Chunda	–	–	1,387	–	1,117
<b>Rental income</b>					
– Feixiu	–	–	37	37	–
– Qijian	857	429	–	–	–
<b>Purchase of property, plant and equipment</b>					
– Yintech Investment	–	–	8,162	–	779
– Yinsai	–	–	–	–	598
<b>Purchase of software and license</b>					
– Yinsai	25,000	–	6,000	–	–
– Qijian	–	–	400	–	–
<b>Listing expense paid by related party</b>					
– Yintech Investment Holding	–	–	–	–	4,763
– Enterprise (HK)	–	–	6,149	6,149	1,262
<b>Office expense paid by related party</b>					
– Yintech Investment Holding	–	–	–	–	42
– Enterprise (HK)	–	–	–	–	32

On August 13, 2020, Fudong acquired 0.5% of equity interest of Jiufangyun from the People's Court of Siming District, Xiamen City, Fujian Province (the "People's Court of Siming District") for a consideration of RMB1,600,000. On May 26, 2020, Fudong entered into an equity transfer agreement to transfer the above 0.5% of equity interest of Jiufangyun to Qifu, which was held by Jiufangyun's management, for the same amount.

During the year ended December 31, 2020, RMB2,423,000 was paid by Jiufangyun to Qifu, among which RMB398,000 dividend was distributed according to the proportion of shareholding, and RMB2,025,000 was recorded as staff cost.

On April 30, 2021, Qifu transferred 0.5% of equity interest in Jiufangyun to Fudong at a consideration of RMB25,000,000. Then, Jiufangyun became a wholly owned subsidiary of Fudong.

On April 1, 2021 and July 21, 2021, the Group entered into office lease agreements with Xieyu, which is a related party of the ultimate owners. The office lease agreements have a fixed term of one year from the date of agreement, and will be automatically renewed for another year unless otherwise agreed by the parties. On April 1, 2022, the office lease agreements were renewed. During the ten months ended October 31, 2022, Xieyu provided rent concessions to the Group for a two-month period. As of October 31, 2022, the balance of related right-of-use assets and lease liabilities are RMB50,284,000 and RMB46,716,000, while the balance of related housing rental deposit is RMB10,334,000. During the year ended December 31, 2021 and the ten months ended October 31, 2022, the depreciation charge of related right-of-use assets is RMB25,518,000 and RMB31,195,000 and the interest expense paid for related lease liabilities is RMB1,765,000 and RMB1,974,000.

On August 3, 2021, JF Shanghai acquired 100% equity interest of Fudong from Qijian at a consideration of RMB135,000,000.

**(d) The balances of transactions with related parties:**

**Trade**

	As at December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Prepayments and other receivables</b>				
– Xieyu	–	–	5,500	10,334
– Qijian	1,364	1,421	–	6,720
– Rongqi	–	–	–	6,309
– Guidi	–	–	18,024	1,798
– Yinsai	–	–	28,200	–
– Yintech Investment	–	–	5,090	–
– Beixun	–	21,000	–	–
<b>Accrued expenses and other current liabilities</b>				
– Yishi	378	2,540	–	–
– Yinsai	48,456	16,410	–	–
– Yintech Investment Holding	–	–	–	42
– Enterprise (HK)	–	–	–	32
– Yintech Investment	3,248	499	9,223	–
– Qijian	50,177	–	–	–
– Yinheyong	1,104	–	–	–
– Beixun	43	–	–	–
<b>Lease liabilities</b>				
– Xieyu	–	–	47,727	46,716

As at December 31, 2019, 2020, 2021 and October 31, 2022, the balance of funds purchased from Chunda and Hongxi by the Group are RMB101,304,000, RMB210,528,000, nil and nil.

## Non-trade

	As at December 31,			As at
	2019	2020	2021	October 31,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
<b>Accrued expenses and other current liabilities</b>				
– Enterprise (HK)	5,240	5,240	11,389	13,323
– Yintech Investment Holding	–	–	–	5,029
– Qijian	6,420	79,670	–	–

The above non-trade balances were unsecured, interest-free and repayable on demand.

The balance of amount due to Enterprise (HK) and Yintech Investment Holding as at October 31, 2022 were expenses paid by Enterprise (HK) and Yintech Investment Holding on behalf of the Group. The directors of the Company confirm that the non-trade balance will be settled before the initial listing of the shares of the Company.

## 25 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD BEGINNING JANUARY 1, 2023

Up to the date of issue of the Historical Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period beginning on January 1, 2023 and which have not been adopted in the Historical Financial Information. These include the following which may be relevant to the Group.

The revised and new accounting standards and interpretations but not yet effective for the period from January 1, 2023 are set out below:

	Effective for accounting periods beginning on or after
HKFRS 17, <i>Insurance contracts</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements</i> and HKFRS Practice Statement 2, <i>Making materiality judgements: Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

**26 SUBSEQUENT EVENTS**

On January 3, 2023, the Company entered into an equity transfer agreement with Zenitera Co., Ltd. (the “Vendor”) and Shanghai Woruiou Information Technology Co., Ltd. (the “Target Company”, together with its subsidiaries, the “Target Group”), pursuant to which the Company has agreed to conditionally acquire, and the Vendor has agreed to conditionally sell, the entire equity interest of the Target Company. Shanghai Yunwan Fund Distribution Co., Ltd., a wholly-owned subsidiary of the Target Company, possesses a fund distribution license issued by the China Securities Regulatory Commission in the PRC. The total consideration of the Proposed Acquisition is RMB135 million. Completion is expected to take place in March 2023.

On February 3, 2023, the Company granted all Awards under the Pre-IPO RSU Scheme with an aggregate of 5,686 Shares, which shall be adjusted to 28,430,000 Shares upon completion of the Capitalization Issue.

**IV SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of its subsidiaries comprising the Group in respect of any period subsequent to October 31, 2022.

The following information does not form part of the Accountants' Report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I to 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 historical financial information included in the Accountants' Report set out in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the equity shareholders of the Company as at October 31, 2022 as if the Global Offering had taken place on October 31, 2022.

The unaudited pro forma statement of 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 financial position of the Group had the Global Offering been completed as at October 31, 2022 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as at October 31, 2022 <sup>(1)</sup> RMB'000	Estimated net proceeds from the Global Offering <sup>(2)</sup> RMB'000 <sup>(4)</sup>	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company RMB'000	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share <sup>(3)</sup> RMB <sup>(4)</sup> HK\$ <sup>(4)</sup>	
Based on an Offer Price of HK\$16.98 per Share	412,439	837,251	1,249,690	2.86	3.27
Based on an Offer Price of HK\$18.78 per Share	412,439	927,825	1,340,264	3.06	3.50

*Notes:*

- The consolidated net tangible assets attributable to the equity shareholders of the Company as at October 31, 2022 is based on the audited consolidated total equity attributable to the equity shareholders of the Company as at October 31, 2022 of RMB417,094,000 after deduction of intangible assets of RMB4,655,000 as shown in the Accountants' Report set out in Appendix I to this prospectus.
- The estimated net proceeds from the Global Offering are based on 59,618,500 Shares to be issued at the estimated Offer Prices of HK\$16.98 per Share (being the low-end Offer Price) and HK\$18.78 per Share (being the high-end Offer Price), respectively, after deduction of the estimated underwriting fees and other related expenses payable by the Group (excluding listing expenses of RMB41,314,000 which have been expensed prior to October 31, 2022), and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option or pursuant to the Pre-IPO RSU Scheme.

- 3 The unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company by 437,338,500 Shares, being the number of shares expected following the completion of the Capitalisation Issue and the Global Offering (excluding 28,430,000 shares held by RSU Holding Entity under the Pre-IPO RSU Scheme, which is accounted as treasury shares as shown in Note 22 to the Accountants' Report set out in Appendix I to this document), and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option or pursuant to the Pre-IPO RSU Scheme. From October 31, 2022 to the Latest Practicable Date, the Company has not declared any dividend.
- 4 For illustrative purpose, the estimated net proceeds from the Global Offering is converted from the Hong Kong dollar into Renminbi and the unaudited pro forma adjusted net tangible assets attributable to equity Shareholders of the Company per Share is converted from the Renminbi into Hong Kong dollar at the exchange rate of HK\$1.00 to RMB0.8747, the exchange rate set by PBOC prevailing on the Latest Practicable Date. No representation is made that Renminbi amount have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rate.
- 5 No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to October 31, 2022, including the awards granted by the Company under the Pre-IPO RSU Scheme in February 2023 with the vesting period from two to five years, none of which will be vested upon the completion of Global Offering.

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.*



## **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

### **To the Directors of JF Wealth Holdings Ltd**

We have completed our assurance engagement to report on the compilation of pro forma financial information of JF Wealth Holdings Ltd (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at October 31, 2022 and related notes as set out in Part A of Appendix II to the prospectus dated February 28, 2023 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at October 31, 2022 as if the Global Offering had taken place at October 31, 2022. As part of this process, information about the Group's financial position as at October 31, 2022 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

### ***Directors' Responsibilities for the Pro Forma Financial Information***

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 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 behavior.



The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” 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 Accountants’ Responsibilities***

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group 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 events or transactions at October 31, 2022 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

### *Opinion*

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

### **KPMG**

*Certified Public Accountants*

Hong Kong

February 28, 2023

**A. BASES**

Our Directors have prepared the estimate of the consolidated profit attributable to equity shareholders of the Company for the year ended December 31, 2022 based on (i) the audited consolidated results of the Group for the ten months ended October 31, 2022; and (ii) the unaudited consolidated results of our Group for the two months ended December 31, 2022 based on the management accounts of the Group.

The estimate has been prepared on a basis consistent in all material respects with the accounting policies currently adopted by the Group as set out in the Accountants' Report, the text of which is set forth in Appendix I to this prospectus.

**B. PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2022**

On the basis set out in Appendix III to this prospectus, and in the absence of unforeseen circumstances, we estimate that our unaudited consolidated profit attributable to the equity shareholders of our Company to be as follows:

Estimated consolidated profit attributable to the equity shareholders of the Company for the year ended December 31, 2022	Not less than RMB461 million
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## SPECIMEN LETTER FROM REPORTING ACCOUNTANTS ON PROFIT ESTIMATE



8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

February 28, 2023

The Directors

*JF Wealth Holdings Ltd*

*China International Capital Corporation Hong Kong  
Securities Limited*

Dear Sirs,

JF Wealth Holdings Ltd (“**the Company**”)

**Profit Estimate for Year Ended December 31, 2022**

We refer to the estimate of the consolidated profit attributable to equity holders of the Company for the year ended December 31, 2022 (“**the Profit Estimate**”) set forth in the section headed “Financial Information” in the prospectus of the Company dated February 28, 2023 (“**the Prospectus**”).

**Directors’ Responsibilities**

The Profit Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as “**the Group**”) for the ten months ended October 31, 2022 and the unaudited consolidated results based on the management accounts of the Group for the two months ended December 31, 2022.

The Company’s directors are solely responsible for the Profit Estimate.

**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 Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” 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 Accountants’ Responsibilities**

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures. We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

### **Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants’ report dated February 28, 2023, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

**KPMG**

*Certified Public Accountants*

Hong Kong

## LETTER FROM THE SOLE SPONSOR

*The following is the text of a letter, prepared for inclusion in this prospectus by the Sole Sponsor in connection with the estimate of our consolidated profit attributable to equity shareholders of the Company for the year ended December 31, 2022.*



**China International Capital Corporation**  
**Hong Kong Securities Limited**  
29th Floor, One International Finance  
Centre, 1 Harbour View Street,  
Central, Hong Kong

The Board of Directors  
**JF Wealth Holdings Ltd**

February 28, 2023

Dear Sirs,

We refer to the estimate of the consolidated profits attributable to the owners of JF Wealth Holdings Ltd (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) for the year ended December 31, 2022 (the “**Profit Estimate**”), for which the directors of the Company (the “**Directors**”) are solely responsible, as set forth in the section headed “Financial Information – Profit Estimate For The Year Ended December 31, 2022” in the prospectus of the Company dated February 28, 2023 (the “**Prospectus**”).

The Profit Estimate has been prepared by the Directors based on (i) the audited consolidated results of the Group for the ten months ended October 31, 2022 as set out in the Accountants’ Report in Appendix I to the Prospectus, and (ii) the unaudited consolidated results based on the management accounts of the Group for the two months ended December 31, 2022.

We have discussed with you the bases made by the Directors as set out in Appendix III to the Prospectus, upon which the Profit Estimate has been made. We have also considered the letter dated February 28, 2023 addressed to you and us from the Company’s reporting accountants, KPMG, regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Profit Estimate, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

For and on behalf of

**China International Capital Corporation**  
**Hong Kong Securities Limited**

**Wan Chen**  
*Managing Director*

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 company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 May 2021 under the Companies Act (As Revised) of the Cayman Islands (the “**Companies Act**”). The Company’s constitutional documents consist of its Memorandum of Association (the “**Memorandum**”) and its Amended and Restated 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 Act 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 February 23, 2023 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 Act, 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 (including 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.

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 Act 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. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by members by ordinary resolution.

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 Act 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.

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 installments 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 so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

A Director (including a managing or other executive Director) may be removed by an ordinary resolution of the Company before the expiration of his term 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 Act 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 Act 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 Act 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 Act, 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) the giving of any security or indemnity either:–
  - (aaa) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
  - (bbb) 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 and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (bb) any proposal 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;
- (cc) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:–
  - (aaa) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or
  - (bbb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Directors, his close associate(s) and employee(s) of the Company or 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 generally accorded to the class of persons to which such scheme or fund relates;
- (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.



**(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 Act, 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 installments 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 authorized 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. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any general meeting of the Company or at any general meeting of any class of members.

The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member and such corporation shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

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, the right to speak and to vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

All members have the right to speak and vote at a general meeting except where a member is required, by the rules of the Stock Exchange, to abstain from voting to approve the matter under consideration.

Where the Company has any knowledge that any member 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 member 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 financial year and such general meeting must be held within six (6) months after the end of the Company's financial year, 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 members 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, on a one vote per share basis. 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 or resolution 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.

Notwithstanding any provisions in the Articles, any general meeting or any class meeting may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other, and participation in such a meeting shall constitute presence at such meeting.

*(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. All other general meetings must be called by notice of at least fourteen (14) clear 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 or, for quorum purposes only, two persons appointed by the clearing house as authorized representative or proxy, and entitled to vote. In respect of a separate class meeting (including 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 Act 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 Act 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 by ordinary resolution 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 ordinary 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 and approved by the Company by an ordinary resolution passed at a general meeting or in such manner as the members may by ordinary resolution 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 Act.

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 members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that members 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 members 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 maintained in Hong Kong 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 Act 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 members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

**(j) Procedures on liquidation**

Unless otherwise provided by the Companies Act, 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 Act 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 Act, 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 Act 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 Act 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 Act 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 Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

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 Act 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 Act 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 to 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 Act.

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 Act 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 Act 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 Act 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 Act 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 6 May 2021.

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 Act 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) is 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 Act 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 Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act 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 Act 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 Act 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, 25% or more 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. 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 (i) a majority in number representing seventy-five per cent. (75%) in value of creditors, or (ii) seventy-five per cent. (75%) in value of shareholders or class of shareholders, 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.

The Companies Act also contains statutory provisions which provide that a company may present a petition to the Court for the appointment of a restructuring officer on the grounds that the company (a) is or is likely to become unable to pay its debts within the meaning of section 93 of the Companies Act; and (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either, pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring. The petition may be presented by a company acting by its directors, without a resolution of its shareholders or an express power in its articles of association. On hearing such a petition, the Court may, among other things, make an order appointing a restructuring officer or make any other order as the Court thinks fit.

**(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) Act, 2018 of the Cayman Islands ("**ES Act**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. 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 Act.

**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 Act, is available for inspection as referred to in the paragraph headed "DOCUMENTS AVAILABLE ON DISPLAY" 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 GROUP****1. Incorporation of Our Company**

We were incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on May 3, 2021. We have established a principal place of business in Hong Kong at 7/F, Low Block Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong and we were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on August 3, 2021 under Part 16 of the Companies Ordinance. D. Y. Lam & Co. of Unit 805 Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong, has been appointed as our authorized representative for the acceptance of service of process and notices on our behalf in Hong Kong.

As we were incorporated in the Cayman Islands, our operations are subject to the Cayman Companies Act and to our constitution comprising our Memorandum and Articles of Association. A summary of certain provisions of our constitution and relevant aspects of the Cayman Companies Act is set out in Appendix IV to this prospectus.

**2. Changes in Our Share Capital**

As of the date of incorporation of our Company, our authorized share capital was HK\$20,000 divided into 2,000,000,000 Shares with a par value of HK\$0.00001 each.

The following changes in the share capital of our Company took place during the two years immediately preceding the date of this prospectus: On May 3, 2021, our Company was incorporated in the Cayman Islands as an exempted company. Upon incorporation, our Company issued one Share with a par value of HK\$0.00001 to the initial subscriber, and such Share was subsequently transferred to Mr. Chen Wenbin, our non-executive Director on the same day. On July 20, 2021, Mr. Chen Wenbin transferred one Share to Coreworth and our Company issued 19,999 Shares to Coreworth, 16,862 Shares to Harmony Creek, 15,000 Shares to Rich Horizon, 8,123 Share to Embrace Investments, 7,427 to Chang Qing Investment Management Company Limited, 3,796 Shares to Sino June Investment Limited, 2,247 Shares to Solomon Investment Limited, 1,481 Shares to Orchid Asia VI, L.P., 74 Shares to Orchid Asia V Co-Investment, Limited, 466 Shares to YM Investment Limited, 68 Shares to Fusion Capital Management Limited and 5,686 Shares to RSU Holding Entity, all with a par value of HK\$0.00001.

Immediately following the completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, the issued share capital of our Company will be HK\$4,657.69, divided into 465,768,500 Shares of HK\$0.00001 each, all fully paid or credited as fully paid and 1,534,231,500 Shares of HK\$0.00001 each will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "– 4. Resolutions of Our Shareholders" below, our Directors do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without prior approval of our Shareholders in general meetings, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed above and as mentioned in the paragraph headed “– 4. Resolutions of our Shareholders” below, there has been no alteration in our share capital within the two years immediately preceding the date of this prospectus.

### 3. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are set out in the Accountants’ Report in Appendix I to this prospectus.

There has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus.

### 4. Resolutions of Our Shareholders

Pursuant to the shareholders’ resolutions of our Company dated February 23, 2023,

- (a) the Articles of Association was conditionally adopted with effect from the Listing Date;
- (b) conditional upon the satisfaction (or, if applicable, the waiver) of the conditions set out in the section headed “The Structure of the Global Offering – Conditions of the Global Offering” in this prospectus:
  - (i) the Global Offering, the Over-allotment Option and the Listing were approved and any executive Director or any non-executive Director of the Company from time to time (or a duly appointed attorney or solicitor for any such Director) (the “**Authorised Signatory**”) was authorized to implement the same and to make or effect such modifications as he/she thinks fit;
  - (ii) conditional upon our share premium account being credited as a result of the Global Offering, the capitalization of HK\$4,060.69 standing to the credit of the share premium account of our Company and the application of such sum in paying up in full at par 406,068,770 Shares for allotment and issue to holders of the Shares whose names appear on the register of members of our Company as at the date of the shareholders’ resolutions (as near as possible without involving fractions so that no fraction of a Share shall be allotted and issued) in proportion to their existing respective shareholdings in our Company was approved and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued Shares and any Authorized Signatory was authorized to give effect to such capitalization;
  - (iii) any Authorised Signatory was authorized to approve and take all actions necessary in respect of the Company’s allotment and issuance and, if applicable, transfer of such number of Shares in connection with the Global Offering on and subject to the terms and conditions stated in this Prospectus; and

- (iv) any Authorised Signatory was authorized to agree to the Offer Price per Offer Share with the Overall Coordinators;
- (c) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers or agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted, issued or dealt with, otherwise than pursuant to the Global Offering, a right issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time on a specific authority granted by our Shareholders in general meeting, pursuant to any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or, pursuant to the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, in the amount not exceeding 20% of the aggregate nominal value of our Shares in issue immediately following completion of the Capitalization Issue and the Global Offering, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever is the earliest;
- (d) a general unconditional mandate was given to the Directors authorizing them to exercise all the powers of our Company to repurchase its own Shares on the Hong Kong Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, such number of Shares will represent up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first; and
- (e) the general mandate mentioned in paragraph (c) above be extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted, or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to purchase shares referred to in paragraph (d) above.

## 5. Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the listing of our Shares on the Hong Kong Stock Exchange. See “History, Reorganization and Corporate Structure.”

## 6. Particulars of our Subsidiaries

Particulars of our subsidiaries are set out in Note 1 to the Accountants’ Report in Appendix I to this prospectus.

## 7. Repurchase of our own securities

### *(a) Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to buy back their securities on the Hong Kong Stock Exchange subject to certain restrictions, the more important of which are summarized below:

#### *(i) Shareholders’ approval*

All proposed purchases of Shares (which must be fully paid up) by a company with a primary listing on the Hong Kong Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on February 23, 2023, a general unconditional mandate (the “**Buy-back Mandate**”) was given to the Directors, authorizing any purchase by us of Shares, on the Hong Kong Stock Exchange or on any other approved stock exchange on which the securities may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering, such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by our Articles of Association or any other applicable laws to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

*(ii) Source of funds*

Purchases of shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the laws of the Cayman Islands. A listed company may not buy back its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time. Under the Cayman Companies Act, the par value of any Shares bought back by us may be provided for out of our profits, out of the proceeds of a fresh issue of Shares made for the purpose of the purchase, out of sums standing to credit of our share premium account or, if so authorized by the Articles of Association and subject to the provisions of the Cayman Companies Act, out of capital. Any premium payable on a purchase over the par value of our Shares to be bought back must be provided for out of our profits or from sums standing to the credit of our share premium account or, if authorized by the Articles of Association and subject to the provisions of the Cayman Companies Act, out of capital.

*(iii) Trading restrictions*

The total number of Shares which we may buy back is up to 10% of the total number of our Shares in issue immediately after the completion of the Capitalization Issue and the Global Offering (but not taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option). We may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a purchase of Shares without the prior approval of the Hong Kong Stock Exchange. We are also prohibited from repurchasing Shares on the Hong Kong Stock Exchange if the purchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. We are required to procure that the broker appointed by us to effect a purchase of Shares discloses to the Hong Kong Stock Exchange such information with respect to the purchase as the Hong Kong Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Hong Kong 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 Hong Kong Stock Exchange.

*(iv) Status of bought-back Shares*

All bought-back Shares (whether effected on the Hong Kong Stock Exchange or otherwise) will be automatically delisted, and the certificates for those Shares must be cancelled and destroyed. As permitted under the Cayman Companies Act, the Shares we bought back will be cancelled and the amount of the Company's issued share capital shall be diminished by the aggregate par value of the bought back shares. The authorized share capital of the company will not be reduced as a result.

(v) *Suspension of buyback*

Pursuant to the Listing Rules, we may not make any purchases of Shares after inside information has come to our knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of our results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for us to publish an announcement of our 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 in each case ending on the date of the results announcement, we may not buy back Shares on the Hong Kong Stock Exchange unless the circumstances are exceptional.

(vi) *Procedural and reporting requirements*

As required by the Listing Rules, purchases of Shares on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Hong Kong Stock Exchange business day following any day on which we may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our annual report is required to disclose details regarding purchases of Shares made during the year, including a monthly analysis of the number of shares bought-back, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) *Connected parties*

A company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a connected person (as defined in the Listing Rules), and a connected person shall not knowingly sell its securities to the company on the Hong Kong Stock Exchange.

*(b) Reasons for purchases*

The Directors believe that it is in the best interests of us and Shareholders for the Directors to have general authority from our Shareholders to enable the Directors to buy back Shares in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such purchases will benefit us and our Shareholders.

*(c) Funding of purchases*

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position as disclosed in this prospectus and taking into account the current working capital position, the Directors consider that, if the Buy-back Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. The Directors, however, do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or gearing levels, which, in the opinion of the Directors, are from time to time appropriate for us.

The exercise in full of the Buy-back Mandate, on the basis of 465,768,500 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (but not taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), could accordingly result in 46,576,850 Shares being bought back by us during the period prior to: (1) the conclusion of our next annual general meeting; (2) the expiration of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or (3) the revocation or variation of the purchase mandate by an ordinary resolution of our Shareholders in general meeting, whichever occurs first (the “**Relevant Period**”).

*(d) General*

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to us or our subsidiaries.

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands. We have not bought back any Shares since our incorporation.

If, as a result of any purchase of Shares, a shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any purchases pursuant to the Buy-back Mandate. Any purchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares than in issue could only be implemented with the approval of the Hong Kong Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person has notified us that he or she has a present intention to sell Shares to us, or has undertaken not to do so, if the Buy-back Mandate is exercised.

## **B. FURTHER INFORMATION ABOUT OUR BUSINESS**

### **1. Summary of Material Contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

- (a) the equity transfer agreement dated April 30, 2021 among Shanghai Qijian Technology Information Technology Co., Ltd. (上海啟見科技信息技術有限公司), Shanghai Yinke Chuangzhan Investment Group Co., Ltd. (上海銀科創展投資集團有限公司) and Shanghai Fudong Culture Media Co., Ltd. (上海富動文化傳媒有限公司), pursuant to which Shanghai Qijian Technology Information Technology Co., Ltd. (上海啟見科技信息技術有限公司) agreed to transfer 100% equity interest in Shanghai Fudong Culture Media Co., Ltd. (上海富動文化傳媒有限公司) to Shanghai Yinke Chuangzhan Investment Group Co., Ltd. (上海銀科創展投資集團有限公司) at a consideration of RMB135 million;
- (b) the equity transfer agreement dated April 30, 2021 among Shanghai Qifu Business Consulting Center (Limited Partnership) (上海啟梟商務諮詢中心(有限合夥)), Shanghai Fudong Culture Media Co., Ltd. (上海富動文化傳媒有限公司) and Shanghai Jiufangyun Intelligent Technology Co., Ltd. (上海九方雲智能科技有限公司), pursuant to which Shanghai Qifu Business Consulting Center (Limited Partnership) (上海啟梟商務諮詢中心(有限合夥)) agreed to transfer 0.5% equity interest in Shanghai Jiufangyun Intelligent Technology Co., Ltd. (上海九方雲智能科技有限公司) to Shanghai Fudong Culture Media Co., Ltd. (上海富動文化傳媒有限公司) at a consideration of RMB25 million;



- (c) the equity transfer agreement dated January 3, 2023 among Shanghai Jiufangyun Intelligent Technology Co., Ltd. (上海九方雲智能科技有限公司) (the “**Transferee**”), Zhengtong Co., Ltd. (証通股份有限公司) (the “**Transferor**”) and Shanghai Woruiou Information Technology Co., Ltd. (上海沃芮歐信息科技有限公司) (“**Shanghai Woruiou**”), pursuant to which the Transferee agreed to acquire 100% equity interest of Shanghai Woruiou from the Transferor at a consideration equal to (i) RMB135 million, plus (ii) the net asset value of Shanghai Yunwan Fund Distribution Co., Ltd. (上海雲灣基金銷售有限公司) (“**Yunwan Funds**”) as of the date of completion as audited by the auditors confirmed by the Transferor and the Transferee minus the net asset value of RMB20,435,509 of Yunwan Funds as of the record date of December 31, 2022 as confirmed by the Transferor and the Transferee, and plus (iii) the net asset value of Shanghai Woruiou (excluding the value of the long term equity investments of Yunwan Funds) as of the date of completion as audited by the auditors confirmed by the Transferor and the Transferee;
- (d) the Non-competition Undertaking as detailed in the sub-section headed “Relationship with our Controlling Shareholders – Non-Competition Undertaking” in this prospectus;
- (e) the cornerstone investment agreement dated February 24, 2023 entered into between our Company, Sichuan Hebang Investment Group Co., Ltd. (四川和邦投資集團有限公司) (“**Hebang Group**”) and China International Capital Corporation Hong Kong Securities Limited, pursuant to which Hebang Group agreed to subscribe for such number of Shares of the Company at the Offer Price in an aggregate of such amount of Hong Kong dollar equivalent of US\$10 million (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy);
- (f) the cornerstone investment agreement dated February 24, 2023 entered into between our Company, Duke King Holdings Limited (“**Duke King**”) and China International Capital Corporation Hong Kong Securities Limited, pursuant to which Duke King agreed to subscribe for such number of Shares of the Company at the Offer Price in an aggregate of such amount of Hong Kong dollar equivalent of US\$10 million (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy);
- (g) the cornerstone investment agreement dated February 24, 2023 entered into between our Company, Garland Glory Holdings Limited (“**Garland Glory**”) and China International Capital Corporation Hong Kong Securities Limited, pursuant to which Garland Glory agreed to subscribe for such number of Shares of the Company at the Offer Price in an aggregate of such amount of Hong Kong dollar equivalent of US\$10 million (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy);


- (h) the cornerstone investment agreement dated February 24, 2023 entered into between our Company, Orchid Asia V Co-Investment, Limited (“**Orchid Asia CIL**”) and China International Capital Corporation Hong Kong Securities Limited, pursuant to which Orchid Asia CIL agreed to subscribe for such number of Shares of the Company at the Offer Price in an aggregate of such amount of Hong Kong dollar equivalent of US\$4 million (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy);
- (i) the cornerstone investment agreement dated February 24, 2023 entered into between our Company, New China Asset Management (Hong Kong) Limited (新華資產管理(香港)有限公司) (“**New China**”) and China International Capital Corporation Hong Kong Securities Limited, pursuant to which New China agreed to subscribe for such number of Shares of the Company at the Offer Price in an aggregate of such amount of Hong Kong dollar equivalent of US\$10 million (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy); and
- (j) the Hong Kong Underwriting Agreement.

## 2. Intellectual Property Rights of our Group

As of the Latest Practicable Date, we have registered the following intellectual property rights which, in the opinion of our Directors, are material to our business.

### (a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to the business of our Group:

No	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiration Date
1		PRC	Shanghai Jiufangyun	41	44106504	2021.2.21	2031.2.20
2	千股千谈	PRC	Shanghai Jiufangyun	35	48279341	2021.3.7	2031.3.6
3	千股千谈	PRC	Shanghai Jiufangyun	38	48248393	2021.4.7	2031.4.6
4		PRC	Shanghai Jiufangyun	42	43726914	2020.9.21	2030.9.20










No	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiration Date
5		PRC	Shanghai Jiufangyun	41	43715043	2020.9.21	2030.9.20
6	昨夜今晨	PRC	Shanghai Jiufangyun	9	48279285	2021.3.7	2031.3.6
7		PRC	Shanghai Jiufangyun	36	43717948	2020.9.21	2030.9.20
8	昨夜今晨	PRC	Shanghai Jiufangyun	38	48248390	2021.4.7	2031.4.6
9	昨夜今晨	PRC	Shanghai Jiufangyun	41	48262601	2021.4.7	2031.4.6
10		PRC	Shanghai Jiufangyun	42	43711768	2020.9.21	2030.9.20
11		PRC	Shanghai Jiufangyun	35	45174274	2021.3.7	2031.3.6
12		PRC	Shanghai Jiufangyun	36	45158324	2020.12.28	2030.12.27
13		PRC	Shanghai Jiufangyun	41	45148172	2021.1.14	2031.1.13
14		PRC	Shanghai Jiufangyun	38	43739594	2020.9.21	2030.9.20
15		PRC	Shanghai Jiufangyun	41	43739577	2020.9.21	2030.9.20
16		PRC	Shanghai Jiufangyun	9	43735155	2020.11.28	2030.11.27
17		PRC	Shanghai Jiufangyun	38	43733180	2020.10.7	2030.10.6
18		PRC	Shanghai Jiufangyun	42	43733130	2020.11.28	2030.11.27

No	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiration Date
19		PRC	Shanghai Jiufangyun	35	43732921	2020.9.21	2030.9.20
20		PRC	Shanghai Jiufangyun	36	43723911	2020.9.21	2030.9.20
21		PRC	Shanghai Jiufangyun	42	43734718	2020.12.7	2030.12.6
22		PRC	Shanghai Jiufangyun	9	43720965	2021.1.14	2031.1.13
23		PRC	Shanghai Jiufangyun	41	43715052	2020.9.28	2030.9.27
24		PRC	Shanghai Jiufangyun	36	43711727	2020.12.7	2030.12.6
25		PRC	Shanghai Jiufangyun	36	43728563	2020.12.7	2030.12.6
26		PRC	Shanghai Jiufangyun	41	43719411	2020.12.14	2030.12.13
27		PRC	Shanghai Jiufangyun	41	43723959	2020.9.21	2030.9.20
28		PRC	Shanghai Jiufangyun	42	43715030	2020.9.21	2030.9.20
29		PRC	Shanghai Jiufangyun	42	43704320	2021.1.28	2031.1.27
30		PRC	Shanghai Jiufangyun	9	43704222	2021.1.28	2031.1.27
31		PRC	Shanghai Jiufangyun	38	43699490	2020.10.28	2030.10.27
32		PRC	Shanghai Jiufangyun	41	43687274	2020.10.28	2030.10.27

No	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiration Date
33		PRC	Shanghai Jiufangyun	36	43687247	2020.10.28	2030.10.27
34		PRC	Shanghai Jiufangyun	35	43679566	2020.11.14	2030.11.13
35		PRC	Shanghai Jiufangyun	41	8969812	2012.2.28	2032.2.27
36		PRC	Shanghai Jiufangyun	41	45158271	2021.4.7	2031.4.6
37		PRC	Shanghai Jiufangyun	42	45148193	2021.3.28	2031.3.27
38		Hong Kong	JF Wealth (HK)	36	305665843	2021.6.23	2031.6.22
39		PRC	Shanghai Jiufangyun	42	45166686	2021.6.28	2031.6.27
40	九方财富	Hong Kong	JF Wealth (HK)	36	305665834	2021.6.23	2031.6.22
41	九方智投	Hong Kong	JF Wealth (HK)	36	305665799	2021.6.23	2031.6.22
42	九方天财	Hong Kong	JF Wealth (HK)	36	305665816	2021.6.23	2031.6.22
43	九方云	Hong Kong	JF Wealth (HK)	36	305665825	2021.6.23	2031.6.22
44	九方天才	Hong Kong	JF Wealth (HK)	36	305665807	2021.6.23	2031.6.22
45	九方智投	PRC	Shanghai Jiufangyun	42	52919358	2021.9.14	2031.9.13

No	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiration Date
46	赢马解财	PRC	Shanghai Yingma	09	57411615	2022.1.21	2032.1.20
47	赢马课堂	PRC	Shanghai Yingma	36	57400117	2021.12.28	2031.12.27
48		PRC	Shanghai Yingma	41	57399714	2022.1.14	2032.1.13
49	赢马商学	PRC	Shanghai Yingma	36	57391591	2022.1.14	2032.1.13
50	赢马财堂	PRC	Shanghai Yingma	42	57385655	2022.1.14	2032.1.13
51		PRC	Shanghai Yingma	42	57410435	2021.12.28	2031.12.27
52	赢马解财	PRC	Shanghai Yingma	42	57408433	2022.1.7	2032.1.6
53	赢马有财	PRC	Shanghai Yingma	35	57408400	2022.1.7	2032.1.6
54	赢马解财	PRC	Shanghai Yingma	35	57402934	2022.1.7	2032.1.6
55	赢马财堂	PRC	Shanghai Yingma	09	57402573	2022.1.21	2032.1.20
56	赢马财堂	PRC	Shanghai Yingma	41	57396898	2022.1.28	2032.1.27
57	赢马解财	PRC	Shanghai Yingma	41	57394984	2022.1.14	2032.1.13
58	赢马有财	PRC	Shanghai Yingma	38	57394585	2022.1.14	2032.1.13

No	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiration Date
59		PRC	Shanghai Yingma	35	57394416	2022.1.14	2032.1.13
60		PRC	Shanghai Yingma	38	57390293	2022.1.14	2032.1.13
61	赢马解财	PRC	Shanghai Yingma	36	57389001	2022.1.7	2032.1.6
62	赢马有财	PRC	Shanghai Yingma	09	57388994	2022.1.14	2032.1.13
63	赢马有财	PRC	Shanghai Yingma	36	57388984	2021.12.28	2031.12.27
64	赢马有财	PRC	Shanghai Yingma	41	57382379	2021.1.14	2031.1.13
65	赢马有财	PRC	Shanghai Yingma	42	57383548	2021.12.28	2031.12.27
66		PRC	Shanghai Yingma	36	57404944	2022.1.14	2032.1.13
67	赢马财堂	PRC	Shanghai Yingma	36	57402593	2022.1.7	2032.1.6
68	赢马财堂	PRC	Shanghai Yingma	38	57393754	2022.1.7	2032.1.6
69		PRC	Shanghai Yingma	09	57407142	2021.12.28	2031.12.27
70	赢马解财	PRC	Shanghai Yingma	38	57393799	2022.1.7	2032.1.6
71	赢马财天下	PRC	Shanghai Yingma	09	57415508	2022.1.14	2032.1.13

No	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiration Date
72		PRC	Shanghai Yingma	36	57415481	2022.1.7	2032.1.6
73		PRC	Shanghai Yingma	09	57425862	2022.1.7	2032.1.6
74		PRC	Shanghai Yingma	38	57423017	2022.1.7	2032.1.6
75		PRC	Shanghai Yingma	41	57423016	2022.1.7	2032.1.6
76		PRC	Shanghai Yingma	35	57422590	2022.1.7	2032.1.6
77		PRC	Shanghai Yingma	42	57422255	2022.1.7	2032.1.6
78		PRC	Shanghai Yingma	38	57420549	2022.1.7	2032.1.6
79		PRC	Shanghai Yingma	38	57420278	2022.1.7	2032.1.6
80		PRC	Shanghai Yingma	41	57419827	2022.1.7	2032.1.6



No	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiration Date
81		PRC	Shanghai Yingma	42	57419462	2022.1.7	2032.1.6
82		PRC	Shanghai Yingma	35	57417819	2022.1.7	2032.1.6
83	赢马财天下	PRC	Shanghai Yingma	38	57425500	2022.1.14	2032.1.13
84		PRC	Shanghai Yingma	36	57425873	2022.1.7	2032.1.6
85	赢马学堂	PRC	Shanghai Yingma	36	57920502	2022.1.28	2032.1.27
86	赢马学堂	PRC	Shanghai Yingma	09	57912928	2022.1.28	2032.1.27
87		PRC	Shanghai Yingma	42	57419093	2022.3.21	2032.3.20
88		PRC	Shanghai Yingma	9	57419433	2022.3.21	2032.3.20
89	赢马学堂	PRC	Shanghai Yingma	41	58079049	2023.2.13	2033.2.12
90		PRC	Shanghai Yingma	9	57420555	2022.3.21	2032.3.20

No	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiration Date
91		PRC	Shanghai Yingma	36	57423413	2022.3.21	2032.3.20
92		PRC	Shanghai Yingma	41	57425496	2022.3.21	2032.3.20
93	财经大丸子	PRC	Shanghai Juxinge	36	63329794	2022.9.14	2032.9.13
94	财经大丸子	PRC	Shanghai Juxinge	42	63353284	2022.9.14	2032.9.13
95	顾市说	PRC	Shanghai Juxinge	36	63340475	2022.9.28	2032.9.27
96	顾市说	PRC	Shanghai Juxinge	42	63353294	2022.9.21	2032.9.20

**(b) Copyrights**

As of the Latest Practicable Date, we have registered the following copyright which we consider to be or may be material to the business of our Group:

No	Copyright	Place of Registration	Registered owner	Registration number	Registration date	Expiration Date
1	SmartInvest Pro for PC [abbreviation: SmartInvest Pro] V1.0.0 (九方智投旗艦版PC版軟件 [簡稱:九方智投旗艦版]V1.0.0)	PRC	Shanghai Jiufangyun	2020SR0085358	2021.2.4	2071.12.31
2	SmartInvest Pro for PC [abbreviation: SmartInvest Pro] V2.0.0 (九方智投旗艦版PC版軟件 [簡稱:九方智投旗艦版]V2.0.0)	PRC	Shanghai Jiufangyun	2020SR0841520	2020.7.28	2070.12.31
3	SmartInvest Pro for iOS [abbreviation: SmartInvest Pro] V1.7.0 (九方智投旗艦版iOS版軟件 [簡稱:九方智投旗艦版]V1.7.0)	PRC	Shanghai Jiufangyun	2019SR1124265	2020.5.18	2070.12.31

No	Copyright	Place of Registration	Registered owner	Registration number	Registration date	Expiration Date
4	SmartInvest Pro for Android [abbreviation: SmartInvest Pro] V1.7.0 (九方智投旗艦版安卓版軟件[簡稱:九方智投旗艦版]V1.7.0)	PRC	Shanghai Jiufangyun	2019SR1124278	2020.5.18	2070.12.31
5	SmartInvest Pro for iOS [abbreviation: SmartInvest Pro] V2.0.0 (九方智投旗艦版iOS版軟件[簡稱:九方智投旗艦版]V2.0.0)	PRC	Shanghai Jiufangyun	2020SR0814022	2020.7.23	2070.12.31
6	SmartInvest Pro for Android [abbreviation: SmartInvest Pro] V2.0.0 (九方智投旗艦版安卓版軟件[簡稱:九方智投旗艦版]V2.0.0)	PRC	Shanghai Jiufangyun	2020SR0814029	2020.7.23	2070.12.31
7	SmartInvest Pro for Android [abbreviation: SmartInvest Pro] V3.0.0 (九方智投旗艦版安卓版軟件[簡稱:九方智投旗艦版]V3.0.0)	PRC	Shanghai Jiufangyun	2020SR0834908	2020.7.27	2070.12.31
8	SmartInvest Pro for iOS [abbreviation: SmartInvest Pro] V3.0.0 (九方智投旗艦版iOS版軟件[簡稱:九方智投旗艦版]V3.0.0)	PRC	Shanghai Jiufangyun	2020SR0834909	2020.7.27	2070.12.31
9	SmartInvest Pro for PC [abbreviation: SmartInvest Pro] V3.0.0 (九方智投旗艦版PC版軟件[簡稱:九方智投旗艦版]V3.0.0)	PRC	Shanghai Jiufangyun	2020SR0965632	2020.8.21	2070.12.31
10	SmartInvest Pro Market Module for Android [abbreviation: SmartInvest Pro] V1.0.0 (九方智投行情模塊安卓版軟件[簡稱:九方智投]V1.0.0)	PRC	Shanghai Jiufangyun	2020SR0492258	2020.5.21	2070.12.31
11	SmartInvest Pro Market Module for iOS [abbreviation: SmartInvest Pro] V1.0.0 (九方智投行情模塊iOS版軟件[簡稱:九方智投]V1.0.0)	PRC	Shanghai Jiufangyun	2020SR0492265	2020.5.21	2070.12.31
12	SmartInvest Pro for Android [abbreviation: SmartInvest Pro] V1.0.0 (九方智投APP安卓版軟件[簡稱:九方智投]V1.0.0)	PRC	Shanghai Jiufangyun	2019SR1302890	2020.7.9	2070.12.31
13	SmartInvest Pro for iOS [abbreviation: SmartInvest Pro] V1.0.0 (九方智投iOS軟件[簡稱:九方智投]V1.0.0)	PRC	Shanghai Jiufangyun	2019SR1302895	2020.7.10	2070.12.31

No	Copyright	Place of Registration	Registered owner	Registration number	Registration date	Expiration Date
14	SmartInvest Info APP IOS version software [abbreviation: SmartInvest Info] V2.0.0 (九方智投擒龍版APP iOS版軟體[簡稱:九方智投擒龍版]V2.0.0)	PRC	Shanghai Jiufangyun	2021SR0073224	2021.1.14	2071.12.31
15	Hui Investment for iOS V1.0.0 (慧投資iOS版軟件V1.0.0)	PRC	Shanghai Jiufangyun	2019SR0418512	2020.11.30	2070.12.31
16	Hui Investment for Android V1.0.0 (慧投資安卓版軟件V1.0.0)	PRC	Shanghai Jiufangyun	2019SR0418515	2020.11.30	2070.12.31
17	Hui Investment for Android V1.6.0 (慧投資安卓版軟件V1.6.0)	PRC	Shanghai Jiufangyun	2019SR1099895	2020.11.30	2070.12.31
18	Hui Investment for iOS V1.6.0 (慧投資iOS版軟件V1.6.0)	PRC	Shanghai Jiufangyun	2019SR1099900	2020.11.30	2070.12.31
19	Hui Investment plus official account software [abbreviation: Hui Investment plus] V1.2.0 (慧投資plus公眾號軟件[簡稱:慧投資plus]V1.2.0)	PRC	Shanghai Jiufangyun	2019SR1410067	2019.12.23	2069.12.31
20	SmartInvest Info for Android [abbreviation: SmartInvest Info] V2.0.0 (九方智投擒龍版APP安卓版軟件[簡稱:九方智投擒龍版]V2.0.0)	PRC	Shanghai Jiufangyun	2021SR0073223	2021.1.14	2071.12.31
21	SmartInvest Info for PC [abbreviation: SmartInvest Info] V2.0.0 (九方智投擒龍版PC版軟件[簡稱:九方智投擒龍版]V2.0.0)	PRC	Shanghai Jiufangyun	2021SR0193818	2021.2.3	2071.12.31
22	Sina Financial Planner Exclusive Edition for iOS [abbreviation: Financial Planner Exclusive Edition] V1.3 (新浪理財師尊享版軟件(iOS版)[簡稱:理財師尊享版]V1.3)	PRC	Shanghai Jiufangyun	2019SR1444965	2019.12.27	2069.12.31
23	Sina Financial Planner Exclusive Edition for Android [abbreviation: Financial Planner Exclusive Edition] V1.3 (新浪理財師尊享版軟件(安卓版)[簡稱:理財師尊享版]V1.3)	PRC	Shanghai Jiufangyun	2019SR1444966	2019.12.27	2069.12.31
24	Yinheyou A Share Straight Guy for Android [abbreviation: A Share Straight Guy for Android] V1.0.0 (銀禾油A股直男安卓版軟件[簡稱:A股直男安卓版]V1.0.0)	PRC	Shanghai Jiufangyun	2019SR0711689	2019.7.10	2069.12.31

No	Copyright	Place of Registration	Registered owner	Registration number	Registration date	Expiration Date
25	Yinheyou A Share Straight Guy for iOS [abbreviation: A Share Straight Guy for iOS] V1.0.0 (銀禾油A股直男iOS版軟件[簡稱:A股直男iOS版]V1.0.0)	PRC	Shanghai Jiufangyun	2019SR0711692	2019.7.10	2069.12.31
26	Launcher Integrated Management Platform [abbreviation: Launcher] V3.0.0 (Launcher綜合管理平台[簡稱:Launcher]V3.0.0)	PRC	Shanghai Jiufangyun	2019SR1444961	2019.12.27	2069.12.31
27	Finder System [abbreviation: Finder] V3.0.0 (Finder系統[簡稱:Finder]V3.0.0)	PRC	Shanghai Jiufangyun	2019SR1444962	2019.12.27	2069.12.31
28	Rongdun for Android [abbreviation: Rongdun] V1.4.0 (融盾app安卓版軟件[簡稱:融盾]V1.4.0)	PRC	Shanghai Jiufangyun	2019SR1444963	2019.12.27	2069.12.31
29	Libra Compliance System [abbreviation: Libra System] V5.0.0 (天秤合規系統[簡稱:天秤系統]V5.0.0)	PRC	Shanghai Jiufangyun	2019SR1444964	2019.12.27	2069.12.31
30	Smart Selection APP iOS version software V5.3.0 (會選股APP iOS版軟體V5.3.0)	PRC	Shanghai Jiufangyun	2021SR0564158	2021.4.20	2071.12.31
31	Smart Selection APP Android version software V5.3.0 (會選股APP安卓版軟體V5.3.0)	PRC	Shanghai Jiufangyun	2021SR0564159	2021.4.20	2071.12.31
32	Smart Selection smart trading system V1.0.0 (會選股智慧操盤系統V1.0.0)	PRC	Shanghai Jiufangyun	2021SR0713784	2021.5.18	2071.12.31
33	Quotes module (Android version) system V1.0.0 (行情模組(安卓版)系統V1.0.0)	PRC	Shanghai Jiufangyun	2021SR0713782	2021.5.18	2071.12.31
34	Quotes module (iOS version) system V1.0.0 (行情模組(iOS版)系統V1.0.0)	PRC	Shanghai Jiufangyun	2021SR0713783	2021.5.18	2071.12.31
35	SmartInvest Info for Android [abbreviation: SmartInvest Info] V3.0.0 (九方智投擒龍版APP安卓版軟件[簡稱:九方智投擒龍版]V3.0.0)	PRC	Shanghai Jiufangyun	2021SR1235169	2021.8.19	2071.12.31
36	SmartInvest Info for iOS [abbreviation: SmartInvest Info] V3.0.0 (九方智投擒龍版APP iOS版軟件[簡稱:九方智投擒龍版]V3.0.0)	PRC	Shanghai Jiufangyun	2021SR1235168	2021.8.19	2071.12.31

No	Copyright	Place of Registration	Registered owner	Registration number	Registration date	Expiration Date
37	Jiufang Diagnosis for Android [abbreviation: Jiufang Diagnosis] V1.0.0 (九方診股APP安卓版軟件 [簡稱:九方診股]V1.0.0)	PRC	Shanghai Jiufangyun	2021SR1257440	2021.8.24	2071.12.31
38	Jiufang Diagnosis for iOS [abbreviation: Jiufang Diagnosis] V1.0.0 (九方診股APP iOS版軟件 [簡稱:九方診股]V1.0.0)	PRC	Shanghai Jiufangyun	2021SR1257352	2021.8.24	2071.12.31
39	SmartInvest Info for PC [abbreviation: SmartInvest Info] V3.0.0 (九方智投擒龍版PC版軟件 [簡稱:九方智投擒龍版]V3.0.0)	PRC	Shanghai Jiufangyun	2021SR1305835	2021.9.1	2071.12.31
40	Stock Quote Module PC Software [Abbreviation: Stock Quote Software] V1.0 (股票行情模塊PC 軟件[簡稱:股票行情軟件]V1.0)	PRC	Shanghai Jiufangyun	2021SR2225063	2021.12.30	2071.12.31
41	Customer relationship management module software [abbreviation: customer management software] V8.5 (客戶關係管理模塊軟件[簡 稱:客戶管理軟件]V8.5)	PRC	Shanghai Jiufangyun	2021SR2225065	2021.12.30	2071.12.31
42	Rongdun for Android [abbreviation: Rongdun] V3.7.0 (融盾app安卓版 軟件[簡稱:融盾]V3.7.0)	PRC	Shanghai Jiufangyun	2021SR2228712	2021.12.30	2071.12.31
43	SmartInvest Intro for iOS [abbreviation: SmartInvest Intro] V1.0.0 (贏馬學堂APP iOS版軟件 [簡稱:贏馬學堂]V1.0.0)	PRC	Shanghai Yingma	2021SR0382892	2021.3.12	2071.12.31
44	SmartInvest Intro for Android [abbreviation: SmartInvest Intro] V1.0.0 (贏馬學堂APP安卓版軟件 [簡稱:贏馬學堂]V1.0.0)	PRC	Shanghai Yingma	2021SR0382891	2021.3.12	2071.12.31
45	SmartInvest Intro for Android [abbreviation: SmartInvest Intro] V2.0.0 贏馬學堂APP安卓版軟件 [簡稱:贏馬學堂]V2.0.0	PRC	Shanghai Yingma	2021SR2216805	2021.12.29	2071.12.31
46	SmartInvest Intro for iOS [abbreviation: SmartInvest Intro] V2.0.0 (贏馬學堂APP iOS版軟件 [簡稱:贏馬學堂]V2.0.0)	PRC	Shanghai Yingma	2021SR2216806	2021.12.29	2071.12.31

No	Copyright	Place of Registration	Registered owner	Registration number	Registration date	Expiration Date
47	Financial business intelligence operation management platform software [abbreviation: financial business intelligence operation management platform] V1.0 (財商智能運營管理平台軟件[簡稱:財商智能運營管理平台]V1.0)	PRC	Shanghai Yingma	2021SR2216807	2021.12.29	2071.12.31
48	Financial finder customer management software [abbreviation: financial finder] V1.0 (財商finder客戶管理軟件[簡稱:財商finder]V1.0)	PRC	Shanghai Yingma	2021SR2216808	2021.12.29	2071.12.31
49	Jiufang Diagnosis for Android [abbreviation: Jiufang Diagnosis] V2.0.0 (九方診股APP安卓版軟件[簡稱:九方診股]V2.0.0)	PRC	Shanghai Jiufangyun	2022SR0965300	2022.7.25	2072.12.31
50	Jiufang Diagnosis for iOS [abbreviation: Jiufang Diagnosis] V2.0.0 (九方診股 APP iOS版軟件[簡稱:九方診股]V2.0.0)	PRC	Shanghai Jiufangyun	2022SR0965299	2022.7.25	2072.12.31
51	Yinyitou Express Counter System [abbreviation: Yinyitou] V1.0.0 (銀易投快速櫃檯系統[簡稱:銀易投]V1.0.0)	PRC	Shanghai Jiufangyun	2022SR0968952	2022.7.26	2072.12.31
52	SmartInvest Colorful Software [abbreviation: SmartInvest Colorful] V2.0.0 (九方智投炫彩版軟件[簡稱:九方智投炫彩版]V2.0.0)	PRC	Shanghai Jiufangyun	2022SR0976790	2022.7.28	2072.12.31
53	Seeker-Jiufang AIGC for PC [abbreviation: Seeker] Seeker-九方 AIGC PC版)軟件[簡稱:Seeker]	PRC	Shanghai Jiufangyun	2023SR0224121	2023.2.10	2073.12.31
54	Rongdun app for Android [abbreviation: Rongdun] 融盾app 安卓版軟件[簡稱:融盾]	PRC	Shanghai Jiufangyun	2023SR0224076	2023.2.10	2073.12.31
55	Jiufang Compliance Risk Control (PC version) [abbreviation: Jiufang Compliance Wind control] 九方合規風控(PC版)軟件 [簡稱:九方合規風控]	PRC	Shanghai Jiufangyun	2023SR0229855	2023.2.13	2073.12.31
56	SmartInvest Info APP for iOS [abbreviation: SmartInvest Info] 九方智投擒龍版APP iOS版軟件 [簡稱:九方智投擒龍版]	PRC	Shanghai Jiufangyun	2023SR0224074	2023.2.10	2073.12.31

No	Copyright	Place of Registration	Registered owner	Registration number	Registration date	Expiration Date
57	Jiufang Zhitou official website software [Abbreviation: Jiufang Zhitou official website] 九方智投官網軟件[簡稱:九方智投官網]	PRC	Shanghai Jiufangyun	2023SR0229856	2023.2.13	2073.12.31
58	Jiufang Smart Investment Flagship Version for iOS [abbreviation: Jiufangzhi Smart Investment flagship Version] 九方智投旗艦版 iOS版軟件[簡稱:九方智投旗艦版]	PRC	Shanghai Jiufangyun	2023SR0224075	2023.2.10	2073.12.31
59	Finder software [abbreviation: Finder] Finder軟件[簡稱:Finder]	PRC	Shanghai Jiufangyun	2023SR0232912	2023.2.13	2073.12.31
60	Libra Compliance Software [Abbreviation: Libra Software] 天秤合規軟件[簡稱:天秤軟件]	PRC	Shanghai Jiufangyun	2023SR0229916	2023.2.13	2073.12.31
61	Jiufang Smart Investment for Android [Abbreviation: Smart Investment flagship version] 九方智投旗艦版安卓版軟件[簡稱:九方智投旗艦版]	PRC	Shanghai Jiufangyun	2023SR0237256	2023.2.14	2073.12.31
62	SmartInvest Info for Android [abbreviation: SmartInvest Info] 九方智投擒龍版APP安卓版軟件 [簡稱:九方智投擒龍版]	PRC	Shanghai Jiufangyun	2023SR0232832	2023.2.13	2073.12.31
63	Chunda Financial Assistant APP for Android [abbreviation: Chunda Financial Assistant APP] 純達理財助手(Android版)軟件[簡稱:純達理財助手 APP]	PRC	Shanghai Jiufangyun	2023SR0229898	2023.2.13	2073.12.31
64	Chunda Fund Investment Research Management (PC version) software [abbreviation: Chunda Fund Investment Research Management] 純達基金投研管理(PC版)軟件[簡稱:純達基金投研管理]	PRC	Shanghai Jiufangyun	2023SR0229897	2023.2.13	2073.12.31
65	Group digital management software [abbreviation: digital software] 集團數字化管理軟件[簡稱:數字化軟件]	PRC	Shanghai Jiufangyun	2023SR0232833	2023.2.13	2073.12.31
66	Jiufang Smart Investment Ultimate for PC [abbreviation: Jiufangzhi Smart Investment flagship version] 九方智投旗艦版PC版軟件[簡稱:九方智投旗艦版]	PRC	Shanghai Jiufangyun	2023SR0224077	2023.2.10	2073.12.31



No	Copyright	Place of Registration	Registered owner	Registration number	Registration date	Expiration Date
67	SmartInvest Info for PC [abbreviation: SmartInvest Info] 九方智投擒龍版PC版軟件[簡稱:九方智投擒龍版]	PRC	Shanghai Jiufangyun	2023SR0232844	2023.2.13	2073.12.31
68	Customer Relationship Management Module Software [abbreviation: customer management software] 客戶關係管理模塊軟件[簡稱:客戶管理軟件]	PRC	Shanghai Jiufangyun	2023SR0237255	2023.2.14	2073.12.31
69	“E-Investment Bible” Progressive Course (《易投經》進階課程)	PRC	Shanghai Jiufangyun	國作登字-2019-I-00833927	2019.8.6	2069.12.31
70	“E-Investment Bible” Elementary Course (《易投經》初級課程)	PRC	Shanghai Jiufangyun	國作登字-2019-I-00833928	2019.8.6	2069.12.31
71	“E-Investment Bible” Advanced Course (《易投經》高級課程)	PRC	Shanghai Jiufangyun	國作登字-2019-I-00833929	2019.8.6	2069.12.31
72	Jingwei perspective Series (經偉操盤系列)	PRC	Shanghai Jiufangyun	國作登字-2021-I-00179795	2021.8.6	2071.12.31

**(c) Patents**

As of the Latest Practicable Date, we have registered the following patents which we consider to be or may be material to the business of our Group:

No	Patent Name	Patentee	Place of Registration	Patent Number	Application Date	Authorization Date	Expiration Date
<b>Design Patent</b>							
1	Graphical user interface for instant messaging and business marketing with display screen panels (顯示屏幕面板的即時通訊與業務營銷的圖形用戶界面)	Shanghai Jiufangyun	PRC	2020304145190	2020.7.27	2020.12.29	2035.7.26
2	Graphical user interface for instant messaging and business marketing with display screen panels (顯示屏幕面板的即時通訊與業務營銷的圖形用戶界面)	Shanghai Jiufangyun	PRC	2020304145383	2020.7.27	2020.12.29	2035.7.26

No	Patent Name	Patentee	Place of Registration	Patent Number	Application Date	Authorization Date	Expiration Date
<b>Invention Patent</b>							
3	Data encryption method and system (數據加密方法及系統)	Shanghai Jiufangyun	PRC	2015104977068	2015.8.14	2019.1.25	2035.8.13
4	Image display method and device (圖像顯示方法及裝置)	Shanghai Jiufangyun	PRC	2015105304775	2015.8.26	2018.5.25	2035.8.25
5	Information interaction method and device (信息交互方法和裝置)	Shanghai Jiufangyun	PRC	2016103755695	2016.5.31	2020.11.3	2036.5.30
6	Service calling system, method and device (服務調用系統、方法及裝置)	Shanghai Jiufangyun	PRC	2016108158205	2016.9.8	2019.12.13	2036.9.7
7	Audio monitoring method, device, computer equipment and storage medium (音頻監控方法、裝置、計算機設備及存儲介質)	Shanghai Jiufangyun	PRC	2020107325353	2020.7.27	2021.9.24	2040.7.26

**(d) Domain names**

As of the Latest Practicable Date, we have registered the following domain names which we consider to be or may be material to the business of our Group:

No.	Domain name	Registered owner	Place of registration	Registration date	Expiration Date
1	fudongwh.com	Shanghai Fudong	PRC	2018.11.14	2023.11.14
2	fudongwh.cn	Shanghai Fudong	PRC	2020.3.18	2023.3.18
3	newwinner.com.cn	Shanghai Jiufangyun	PRC	2013.4.24	2023.4.24
4	gu166.com	Shanghai Jiufangyun	PRC	2017.9.12	2023.9.12
5	study2025.com	Shanghai Jiufangyun	PRC	2019.2.21	2023.2.21
6	techgp.cn	Shanghai Jiufangyun	PRC	2019.4.3	2023.4.3
7	9fzt.cn	Shanghai Jiufangyun	PRC	2019.12.18	2023.12.18
8	9fzt.com.cn	Shanghai Jiufangyun	PRC	2019.12.18	2023.12.18
9	9fzt.net	Shanghai Jiufangyun	PRC	2019.12.18	2023.12.18
10	9fzt.com	Shanghai Jiufangyun	PRC	2019.12.18	2023.12.18
11	tech9f.com	Shanghai Jiufangyun	PRC	2020.9.18	2023.9.18
12	tech9f.cn	Shanghai Jiufangyun	PRC	2020.9.18	2023.9.18
13	chongnengjihua.com	Shanghai Jiufangyun	PRC	2021.4.22	2023.4.22
14	9ftech88.com	Shanghai Jiufangyun	PRC	2021.7.27	2023.7.27

No.	Domain name	Registered owner	Place of registration	Registration date	Expiration Date
15	techjf99.com	Shanghai Jiufangyun	PRC	2021.7.27	2023.7.27
16	tech9fy.com	Shanghai Jiufangyun	PRC	2021.7.27	2023.7.27
17	jfy168tech.com	Shanghai Jiufangyun	PRC	2021.7.27	2023.7.27
18	techql.cn	Shanghai Jiufangyun	PRC	2021.12.17	2023.12.17
19	9fapi.com	Shanghai Jiufangyun	PRC	2021.12.17	2023.12.17
20	9fqj.cn	Shanghai Jiufangyun	PRC	2021.12.17	2023.12.17
21	9fapi.cn	Shanghai Jiufangyun	PRC	2021.12.17	2023.12.17
22	techqj.com	Shanghai Jiufangyun	PRC	2021.12.17	2023.12.17
23	9fh5.com	Shanghai Jiufangyun	PRC	2021.12.17	2023.12.17
24	9fql.cn	Shanghai Jiufangyun	PRC	2021.12.17	2023.12.17
25	9fh5.cn	Shanghai Jiufangyun	PRC	2021.12.17	2023.12.17
26	9fmkt.com	Shanghai Jiufangyun	PRC	2021.12.17	2023.12.17
27	9fmk.com	Shanghai Jiufangyun	PRC	2021.12.17	2023.12.17
28	shyingma.com	Shanghai Yingma	PRC	2020.5.7	2023.5.7
29	techyma.com	Shanghai Yingma	PRC	2020.12.3	2023.12.3
30	techyma.cn	Shanghai Yingma	PRC	2020.12.3	2023.12.3
31	shyingma.cn	Shanghai Yingma	PRC	2020.12.4	2023.12.4
32	pjinpicture.com	Shanghai Pianjin	PRC	2021.6.4	2023.6.4
33	jfztapi.cn	Shanghai Jiufangyun	PRC	2022.5.18	2023.5.18
34	9fgp.cn	Shanghai Jiufangyun	PRC	2022.5.18	2023.5.18
35	9fzg.com	Shanghai Jiufangyun	PRC	2022.5.18	2023.5.18
36	9fzgh5.com	Shanghai Jiufangyun	PRC	2022.5.18	2023.5.18
37	9fzgapi.com	Shanghai Jiufangyun	PRC	2022.5.18	2023.5.18
38	jfcattle.cn	Shanghai Jiufangyun	PRC	2022.7.14	2023.7.14
39	techtg.cn	Shanghai Jiufangyun	PRC	2022.7.14	2023.7.14
40	techjf.com	Shanghai Jiufangyun	PRC	2022.7.14	2023.7.14
41	jifuinfo.com	Jifuxinxi	PRC	2022.11.29	2023.11.29
42	jifuinfo.cn	Jifuxinxi	PRC	2022.11.29	2023.11.29

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of Interests

*(a) Interests and short positions of the Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and its associated corporations*

For the interests or short positions of our Directors or chief executives in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) immediately following the completion of the Capitalization Issue and the Global Offering, which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”), see “Substantial Shareholders” and the below:

Name of Directors	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of interest in our Company immediately after the Capitalization Issue and the Global Offering
Mr. CHEN Jigeng (陳冀庚先生)	Beneficial interest <sup>(1)</sup>	14,215,000	3.05%
Mr. CAI Zi (才子先生)	Beneficial interest <sup>(2)</sup>	7,110,000	1.53%

*Notes:*

- (1) Mr. CHEN Jigeng (陳冀庚先生) is entitled to receive 14,215,000 Shares pursuant to the Awards granted to him under the Pre-IPO RSU Scheme, subject to vesting conditions. See paragraph headed “– D. Pre-IPO RSU Scheme” in this section for details.
- (2) Mr. CAI Zi (才子先生) is entitled to receive 7,110,000 Shares pursuant to the Awards granted to him under the Pre-IPO RSU Scheme, subject to vesting conditions. See paragraph headed “– D. Pre-IPO RSU Scheme” in this section for details.

Save as set out above and in the section headed “Substantial Shareholders” of this prospectus as of the Latest Practicable Date, so far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering, no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

**(b) *Interests and short positions of the Substantial Shareholders in our Shares and Underlying Shares of our Company***

For information on the persons who will, immediately following the completion of the Capitalization Issue and the Global Offering, having or be deemed or taken to have, beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of sections 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, see “Substantial Shareholders” and the below:

Name of substantial shareholders	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of interest in our Company immediately after the Capitalization Issue and the Global Offering
Mr. LEE Cheuk Ho	Interest in controlled corporations <sup>(1)</sup>	37,135,000	7.97%
Chang Qing Investment Management Company Limited	Beneficial interest	37,135,000	7.97%
The Core Trust Company Limited	Trustee <sup>(2)</sup>	28,430,000	6.10%
TCT (BVI) Limited	Interest in controlled corporations <sup>(2)</sup>	28,430,000	6.10%
RSU Holding Entity	Beneficial interest	28,430,000	6.10%

*Notes:*

- (1) Mr. Lee Cheuk Ho holds all the issued Shares in Chang Qing Investment Management Company Limited. Under the SFO, Mr. Lee Cheuk Ho is deemed to be interested in the Shares held by Chang Qing Investment Management Company Limited.
- (2) The Core Trust Company Limited, as a trustee, holds the Shares underlying the RSUs under the Pre-IPO RSU Scheme through RSU Holding Entity. RSU Holding Entity is wholly owned by TCT (BVI) Limited, which is in turn wholly owned by The Core Trust Company Limited.

Save as set out above and in the section headed “Substantial Shareholders” of this prospectus as of the Latest Practicable Date, none of our Directors or chief executive was aware of any other person who would, immediately following the completion of the Capitalization Issue and the Global Offering, be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

## **2. Particulars of Service Contracts and Letters of Appointment**

### ***(a) Executive Director***

Our executive Director has entered into a service contract with us under which he has agreed to act as an executive Director for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months’ notice in writing served by either the executive Director or us.

The appointment of the executive Director is subject to the provisions of retirement and rotation of Directors under the Articles.

### ***(b) Non-executive Directors and Independent Non-executive Directors***

Each non-executive Director and independent non-executive Director has signed an appointment letter with us for a term of three years with effect from the Listing Date. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

### ***(c) Others***

- (i) Save as disclosed above, none of the Directors has entered into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).
- (ii) For the three years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022, remuneration (including Directors’ fees, salaries, allowances, discretionary bonuses, retirement scheme contributions, share-based payments, and other benefits and remuneration in kind) incurred to our Directors amounted to approximately RMB3.4 million, RMB820,000, RMB8.6 million and RMB756,000, respectively. Details of the Directors’ remuneration are also set out in Note 8 of the Accountants’ Report in Appendix I to this prospectus. Save as disclosed in this prospectus, no other emoluments have been paid or are payable during the Track Record Period.

- (iii) Under the arrangement currently in force, the aggregate of the remuneration and benefits in kind payable to the Directors for the year ended December 31, 2022 is estimated to be approximately RMB1.2 million.
- (iv) None of the Directors or any past Directors of any members of our Group has been paid any sum of money during the Track Record Period (i) as an inducement to join or upon joining us 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.
- (v) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind during the Track Record Period.
- (vi) None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, us, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him or her to become, or to qualify him or her as, a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of our Company.

### **3. Substantial Shareholders**

For information on the persons who will, immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option), have, and be deemed or taken to have, an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, see “Substantial Shareholders”.

Save as set out above, as of the Latest Practicable Date, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering, be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such capital.

### **4. Fees or commissions received**

Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed under the paragraph headed “*E. Other Information – 8. Consents of Experts*” below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

## 5. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executives has any interests and short positions in our Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken, or deemed, to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Companies to be notified to us and the Hong Kong Stock Exchange, in each case once our Shares are listed on the Hong Kong Stock Exchange;
- (b) so far as is known to any of our Directors or chief executives, no person has an interest or short position in our Shares and underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors nor any of the parties listed in the paragraph headed “*E. Other Information – 7. Qualification of Experts*” below is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us;
- (d) save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of our Directors, nor any of the parties listed in the paragraph headed “*E. Other Information – 7. Qualification of Experts*” below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed “*E. Other Information – 7. Qualification of Experts*” below:
  - (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; 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 (as defined under the Listing Rules) or any of our Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.



#### D. PRE-IPO RSU SCHEME

The following is a summary of the principal terms of the Pre-IPO RSU Scheme approved and adopted by a resolution of the Board dated June 1, 2021 (the “**Adoption Date**”) and amended on February 20, 2023. The Pre-IPO RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards by our Company after the Listing.

##### a. Purpose

The purpose of the Pre-IPO RSU Scheme is to reward the grantees for their services and contribution to the success of the Group, and to provide incentives to them to further contribute to the Group.

##### b. RSU Awards

An award of RSUs under the Pre-IPO RSU Scheme (“**Award(s)**”) gives the participant (the “**RSU Participant**”) a contingent right upon vesting of the Award to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares underlying such Award on or about the date of vesting, as determined by the Board in its sole discretion.

##### c. Participants

Persons eligible to receive RSUs under the Pre-IPO RSU Scheme are any director, full-time or part-time employee of the Group who the Board considers, in its sole discretion, has contributed or will contribute to the Group (the “**RSU Eligible Persons**”). Our Board selects the RSU Eligible Persons to receive Awards under the Pre-IPO RSU Scheme at its discretion.

##### d. Terms

The Pre-IPO RSU Scheme will be valid and effective for a period of ten (10) years, commencing on the Adoption Date (the “**Scheme Period**”), after which period no further Awards shall be granted or accepted, but the provisions of the Pre-IPO RSU Scheme shall remain in full force and effect in order to give effect to the vesting of Awards granted and accepted prior to the expiration of the Scheme Period.

##### e. Grant and Acceptance

###### (a) *Making an offer*

An offer to grant RSUs will be made to a RSU Eligible Person selected by our Board (the “**RSU Selected Person**”) by a letter, in such form as our Board may determine (the “**RSU Grant Letter**”). The RSU Grant Letter will specify the RSU Selected Person’s name, the manner of acceptance of the RSU, the last date for acceptance by the RSU

Selected Person, the number of RSUs granted and the number of underlying Shares represented by the RSUs, the vesting criteria (where applicable), the vesting schedule and such other terms and conditions that the Board may determine at its discretion.

*(b) Acceptance of an offer*

A RSU Selected Person may accept an offer of the grant of RSUs by signing the RSU Grant Letter and acceptance notice attached thereto. Upon the receipt from the RSU Selected Person of a duly executed acceptance notice, the RSUs are deemed granted from the date of the RSU Grant Letter (the “**RSU Grant Date**”). No amount shall be payable by the RSU Selected persons for the acceptance of the grant of RSU. Upon acceptance, a RSU Selected Person becomes a RSU Participant under the Pre-IPO RSU Scheme.

*(c) Restrictions on Grants*

Our Board may not grant any Awards to any RSU Selected Persons in any of the following circumstances:

- the requisite approvals for such grant from any applicable regulatory authorities have not been obtained;
- the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the Awards or in respect of the Pre-IPO RSU Scheme, unless our Board determines otherwise;
- where granting the Awards would result in a breach by the Group or any of its directors or senior management of any applicable laws, rules or regulations; or
- where such grant of any Awards would result in a breach of the limits of the Pre-IPO RSU Scheme.

**f. Maximum number of Shares pursuant to the Awards**

Unless otherwise duly approved by the shareholders of the Company, the Shares in aggregate underlying all Awards made pursuant to the Pre-IPO RSU Scheme (excluding the Awards that have lapsed or been cancelled in accordance with the rules of the Pre-IPO RSU Scheme) and any other schemes of the Company shall not exceed 10% of the number of Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”).

Upon completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), the number of Shares held by the RSU Holding Entity shall be 28,430,000 Shares, representing 6.10% of the issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

**g. Rights attached to the Awards**

A RSU Participant does not have any contingent interest in any Shares underlying the RSUs unless and until these Shares are actually transferred to the RSU Participant from the RSU Trustee. Further, a RSU Participant may not exercise voting rights in respect of the Shares underlying the RSUs prior to their vesting and, unless otherwise specified by our Board in its entire discretion in the RSU Grant Letter to the RSU Participant, nor do they have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying the RSUs.

**h. Rights attached to Shares**

Any Shares transferred to a RSU Participant in respect of any Award will be subject to all the provisions of the Articles and will rank *pari passu* with the fully paid Shares in issue on the date of the transfer or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members, and accordingly will entitle the holder to participate in all dividends or other distributions paid or made on or after the date of the transfer or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members. As of the date of this prospectus, the Company has only one class of Shares.

**i. Assignment of Awards**

The Awards granted pursuant to the Pre-IPO RSU Scheme are personal to each RSU Participant, and are not assignable. RSU Participants are prohibited from selling, transferring, assigning, charging, mortgaging, encumbering, hedging or creating any interest in favor of any other person over or in relation to any property held by the RSU Trustee (as defined below) on trust for the RSU Participants, the Awards, or any interest or benefits therein.

**j. Vesting of Awards**

Our Board has the sole discretion to determine the vesting criteria (if any) and the time schedule when the Awards will vest, which may also be adjusted and re-determined by our Board from time to time.

The RSU Participant may be required to execute, after fulfilment of the vesting period, vesting criteria (if any), certain documents that the Company considers necessary (which may include, without limitation, a certification to the Group that he has complied with all the terms and conditions set out in the Pre-IPO RSU Scheme and the RSU Grant Letter). Unless otherwise determined by the Board, in the event that the RSU Participant fails to execute the required documents (if any) within the time period as specified by the Company, the vested Shares will lapse. Unless otherwise determined by the Board and stated in the RSU Grant Letter, the RSU Participant is not required to achieve any performance target before the Award is vested.

**k. Cancellation of Awards**

The Board may at any time at its absolute discretion cancel any Awards granted but not vested. Where the Company cancels Awards and new Awards are to be issued to the same RSU Participant, the issue of such new Awards may only be made with the available Scheme Mandate Limit.

**l. Clawback Mechanism**

The Board may, at its absolute discretion, determine such malus and/or clawback provisions to be applied to an Award so as to provide, upon the occurrence of the applicable malus and/or clawback event(s) such as serious misconduct and fraud. If the Board exercises its discretion under this provision, it will give the relevant RSU Participant a written notice of such determination and the Board's interpretation of and determination pursuant to this provision shall be final, conclusive and binding.

**m. Reorganization of Capital Structure**

In the event of an alteration in the capital structure of the Company whilst any RSU has not vested by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the RSU, to give a RSU Participant the same proportion (or rights in respect of the same proportion) of the share capital of the Company as that to which that RSU Participant was previously entitled.

**n. Alternation of the Pre-IPO RSU Scheme**

The terms of the Pre-IPO RSU Scheme may be altered, amended or waived in any respect by the Board.

**o. Termination of the Pre-IPO RSU Scheme**

The Pre-IPO RSU Scheme may be terminated at any time prior to the expiry of the Scheme Period by the Board provided that such termination shall not affect any subsisting rights of any RSU Participant. No further Awards shall be granted after the Pre-IPO RSU Scheme is terminated but in all other respects the provisions of the Pre-IPO RSU Scheme shall remain in full force and effect. Awards granted prior to such termination and not vested on the date of termination shall remain valid.

**p. Appointment of the RSU Trustee**

Our Company has appointed The Core Trust Company Limited as the trustee (the “**RSU Trustee**”) and the RSU Holding Entity as the settlor of the Pre-IPO RSU Scheme to assist in the administration of the Pre-IPO RSU Scheme. Our Company may (i) direct and procure the RSU Trustee to transfer the Shares underlying the Award(s) to the RSU Participant or its wholly owned entity or (ii) pay, or direct and procure the RSU Trustee to pay, to the RSU Participant in cash an amount which is equivalent to the value of the Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) in accordance with the terms of the Pre-IPO RSU Scheme by making on-market sales of such Shares or utilising the cash in the property held on the terms of the trust (the “**Trust Funds**”) as determined by the Trustee in its absolute discretion and after deduction or withholding of any tax, fines, levies, stamp duty and other charges applicable to the entitlement of the RSU Participant and the sales of any Shares to fund such payment and in relation thereto.

**q. Taxes**

The grantee shall pay all taxes, stamp duty and other levies that may be assessed or assessable on any transfer or Shares or any payments made by our Company or the RSU Trustee under the Pre-IPO RSU Scheme and all payments required to be made hereunder by our Company shall be subject to the deduction or withholding of any payment or transfer of any kind otherwise due to the grantee, and the grantee agrees to indemnify and keep our Company (for itself and for any members of our Group), the Trustee and RSU Holding Entity indemnified in respect of any such liability, obligation or loss and accepts any claim in respect of such indemnity may be satisfied by set-off against any sums due from our Company, any member of our Group, the Trustee and/or RSU Holding Entity to such grantee from time to time.

**r. Rights on a takeover**

If a general offer to acquire the Shares (whether by takeover offer, merger, or otherwise in a like manner) is made to all of our Shareholders (or Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the general offer to acquire the Shares is approved and the offer becomes or is declared unconditional in all respects, a RSU Participant’s RSUs will vest immediately, even if the vesting period has not yet commenced.

**s. Rights on a compromise or arrangement**

If a compromise or arrangement between our Company and our Shareholders or creditors is proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies and a notice is given by our Company to our Shareholders to convene a general meeting to consider and if thought fit approve such

compromise or arrangement and such Shareholders' approval is obtained, the Board may determine at its absolute discretion and specify in a notice the period within which such RSU shall vest and the date on which the unvested RSU shall lapse.

**t. Rights on a voluntary winding up**

If an effective resolution is passed during the Scheme Period for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement) prior to the vesting, all outstanding RSUs shall be treated as having vested immediately to an extent specified in a notice given by the Company provided that all unexercised Awards must be exercised and effected by no later than one business day before the day of the proposed general meeting to be convened for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company (or to pass written resolutions of the shareholders to the same effect).

**u. Lapse of Awards**

Any unvested Award will automatically lapse immediately where:

- such RSU Participant's employment or service terminates for any reason; or
- is concerned during the course of his employment with our Group (without the prior written consent of our Company) with any (competitive or other) business other than that of our Group; or
- such RSU Participant's ceases to be a Eligible Person as determined by the Board for any reason; or
- the RSU Participant makes any attempt or takes any action to sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favor of any other person over or in relation to any RSUs or any interests or benefits pursuant to the RSUs; or
- the Company commences winding-up.

**v. Reorganization of capital structure**

In the event of any of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, reduction of the share capital of our Company, our Board may make such corresponding adjustments to the number or nominal amount of Shares underlying the outstanding RSUs, as the auditors or an independent financial advisor approved by the Company shall certify in writing.

**w. Amendment of the Scheme**

The terms of the Pre-IPO RSU Scheme may be altered, amended or waived in any respect by the Board provided that such alteration, amendment or waiver shall not affect any subsisting rights of any grantee. Any alteration, amendment or waiver to the Pre-IPO RSU Scheme of a material nature shall be approved by the shareholders of the Company. The Board shall have the right to determine whether any proposed alteration, amendment or waiver is material and such determination shall be conclusive.

**x. Termination**

Our Board may terminate the Pre-IPO RSU Scheme at any time before the expiry of the Pre-IPO RSU Scheme Period. No further RSUs shall be granted after the Pre-IPO RSU Scheme is terminated but in all other respects the provisions of the Pre-IPO RSU Scheme shall remain in full force and effect in respect and all RSUs granted prior to such termination and not vested on the date of termination shall remain valid. The Board shall notify the RSU Trustee and all RSU Participants of such termination and of how the Shares held by the RSU Trustee on trust and other interests or benefits in relation to the outstanding Awards shall be dealt with.

**y. Administration of the Scheme**

Our Board has the power to administer the Pre-IPO RSU Scheme, including the power to construe and interpret the rules of the Pre-IPO RSU Scheme. Any decision of the Board made in accordance with the rules of the Pre-IPO RSU Scheme shall be final and binding, provided in each case that such decision is made in accordance with the Articles and any applicable laws.

The Board has appointed the RSU Trustee to administer the granting and vesting of RSUs granted to the RSU Participant pursuant to the Pre-IPO RSU Scheme. Subject to any applicable laws, regulations and rules, the powers and obligations of the RSU Trustee will be limited as set forth in the trust deed, and the RSU Trustee will hold the Trust Funds in accordance with the terms of the trust deed and the RSU Trustee will hold the Shares which are part of the Trust Funds. Notwithstanding the foregoing, the RSU Trustee shall not exercise any voting rights in respect of any Shares held under the Trust or as nominee. Subject to compliance with the laws of the Cayman Islands and the Articles, the Company shall provide such assistance as may be appropriate or necessary to enable the RSU Trustee to satisfy its obligations in connection with the administration and vesting of Awards granted to the RSU Participant pursuant to the Pre-IPO RSU Scheme.

**z. General**

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, new Shares underlying the RSUs that have been granted pursuant to the Pre-IPO RSU Scheme.

**aa. No Effect on Contract of Employment**

The Pre-IPO RSU Scheme shall not form part of any contract of employment or for services between our Group and any RSU Participant and the rights and obligations of any RSU Participant under the terms of his office, employment or provision of services shall not be affected by the participation of the RSU Participants in the Pre-IPO RSU Scheme or any rights which he may have to participate in it and the Pre-IPO RSU Scheme shall afford such a RSU Participant no additional rights to compensation or damages in consequence of the termination of such office, employment or engagement for any reason.

**bb. Awards granted**

As of the Latest Practicable Date, the Company has granted Awards with an aggregate of 5,686 underlying Shares, which shall be adjusted to 28,430,000 underlying Shares upon completion of the Capitalization Issue, representing 6.10% of the issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Details of the Awards granted pursuant to the Pre-IPO RSU Scheme to our Director and employee are set out below:

Name of Directors	Position held within our Group	Grant Date	Number of Awards granted as of the Latest Practicable Date	Number of Shares underlying Awards granted immediately following the Capitalization Issue	Vesting Period <sup>(1)</sup>	Approximate percentage of shareholding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)
<i>Directors</i>						
Mr. CHEN Jigeng (陳冀庚先生)	Non-executive Director	February 3, 2023	2,843	14,215,000	60 months	3.05%
Mr. CAI Zi (才子先生)	Executive Director and chief executive officer	February 3, 2023	1,422	7,110,000	60 months	1.53%



Name of Directors	Position held within our Group	Grant Date	Number of Shares underlying Awards granted as of the Latest Practicable Date	Number of Shares underlying Awards granted immediately following the Capitalization Issue	Vesting Period <sup>(1)</sup>	Approximate percentage of shareholding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)
<i>Employee</i>						
	An employee of the Company, being the head of Business Department	February 3, 2023	1,421	7,105,000	60 months	1.53%

*Note:*

- (1) The Awards granted will vest pursuant to the following schedule: 40% of which will be vested upon second anniversary of the grant date, 20% of which will be vested upon the third, fourth and fifth anniversary of the grant date, respectively.

As of the Latest Practicable Date, none of the Awards were vested and all of the Awards were outstanding. As all Shares underlying the outstanding Awards have already been issued to RSU Holding Entity, the outstanding Awards will not have any dilutive effect on the shareholding of the Company upon Listing. The Company will not grant further Awards under the Pre-IPO RSU Scheme after the Listing.

## E. OTHER INFORMATION

### 1. Estate Duty

Our Directors have been advised that none of the transactions outlined in this prospectus would expose our Company or any of our subsidiaries to estate or other duty under the laws of the Cayman Islands or PRC.

### 2. Litigation

As of the Latest Practicable Date, we are not aware of any other litigation or claims of material importance pending or threatened against us that could have a material adverse effect on our financial condition or results of operations.

### 3. Application for Listing

The Sole Sponsor have made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable such Shares into CCASS.

### 4. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules. The fee payable to the Sole Sponsor in respect of its services as sponsor for the Listing is approximately US\$1 million and payable by us.

### 5. Preliminary Expenses

We have not incurred any material expenses in relation to the incorporation of our Company.

### 6. Promoter

We have no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given, nor is any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

### 7. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

China International Capital Corporation Hong Kong Securities Limited	A company licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
KPMG	Certified Public Accountants  Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

King & Wood Mallesons	PRC legal advisor
Conyers Dill & Pearman	Cayman Islands legal advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

## 8. Consents of Experts

Each of the experts referred to in “E. Other Information – 7. Qualification of Experts” has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this prospectus in the form and context in which it is respectively included.

## 9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

## 10. Hong Kong Taxation

### (a) Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of our Shares. Trading gains from the sale of our Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business, will be chargeable to Hong Kong profits tax.

### (b) Stamp Duty

Hong Kong stamp duty is charged on the sale and purchase of Shares at a rate of 0.26% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer.

In addition, a fixed duty of HKD5 is charged on each instrument of transfer (if required). Where a sale or purchase of our Shares is effected by a person who is not a resident of Hong Kong and any stamp duty payable on the instrument of transfer is not paid, the relevant instrument of transfer (if any) will be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee will be liable to pay such duty.

(c) *Estate Duty*

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006.

**11. Reserves available for distribution**

As of the Latest Practicable Date, our Company did not have any distributable reserves. See “Financial Information” for further information.

**12. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no founders or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;
  - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and
  - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries.
- (b) Save as disclosed in this prospectus, our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.
- (c) Our Directors confirm that:
- (i) there has been no material adverse change in the financial or trading position or prospects of our Group since October 31, 2022 (being the date to which the latest audited consolidated financial statements of our Group were prepared); and

- (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
- (iii) 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.
- (d) Our principal register of members will be maintained by our principal registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with, and registered by, our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (g) The English 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).

**1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the **GREEN** Application Form;
- (b) a copy of each of the material contracts referred to in the section headed “Statutory and General Information – B. Further Information About Our Business – 1. Summary of Material Contracts” in Appendix V to this prospectus; and
- (c) the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 8. Consents of Experts” in Appendix V to this prospectus.

**2. DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [jfwealth.investorroom.com](http://jfwealth.investorroom.com) 14 days from the date of this prospectus (both days inclusive):

- (a) our Memorandum and Articles of Association;
- (b) the Accountants’ Report of our Group and the report on the unaudited *pro forma* financial information of our Group issued by KPMG, the texts of which are respectively set out in Appendix I and Appendix II to this prospectus;
- (c) the audited consolidated financial statements of our Company for the three years ended December 31, 2019, 2020, 2021 and the ten months ended October 31, 2022;
- (d) the letter in relation to the profit estimate of our Group for the year ended December 31, 2022 from KPMG and the Sole Sponsor, the text of which is set out in Appendix III;
- (e) the legal opinions issued by King & Wood Mallesons, our PRC Legal Advisor, in respect of certain aspects of our Group and the property interests of our Group;
- (f) the letter of advice issued by Conyers Dill & Pearman, our Cayman legal advisor, in respect of certain aspects of the Cayman Islands company law referred to in Appendix IV to this prospectus;
- (g) the Cayman Companies Act;
- (h) the report issued by Frost & Sullivan, the summary of which is set forth in the section headed “Industry Overview” in this prospectus;

- (i) the material contracts referred to in the section headed “Statutory and General Information – B. Further Information About Our Business – 1. Summary of Material Contracts” in Appendix V to this prospectus;
- (j) the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 8. Consents of Experts” in Appendix V to this prospectus;
- (k) the service contracts and letters of appointment with our Directors referred to in section headed “Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders – 2. Particulars of Service Contracts and Letters of Appointment” in Appendix V to this prospectus; and
- (l) terms of the Pre-IPO RSU Scheme.

