MAIYUE TECHNOLOGY LIMITED
邁越科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2501

GLOBAL OFFERING

Sole Sponsor

華富建業企業融資 QUAM CAPITAL

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

華富建業證券 QUAM SECURITIES

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers (in alphabetical order)

農銀國際 ABC INTERNATIONAL | 交銀國際 BOCOM International | 中國銀河國際 CHINA GALAXY INTERNATIONAL | 招銀国际 CMB INTERNATIONAL | 國泰君安國際 GUOTAI JUNAN INTERNATIONAL | ZTSC 中泰國際

Joint Bookrunners and Joint Lead Managers (in alphabetical order)

民銀資本 CMBC CAPITAL HOLDINGS LIMITED | EDDID FINANCIAL | 創陞 Innovax | 華盛証券 | 越秀証券 YUE XIU SECURITIES

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

MAIYUE TECHNOLOGY LIMITED
邁越科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**125,000,000 Shares (Subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**12,500,000 Shares (Subject to reallocation)**
Number of International Placing Shares	:	**112,500,000 Shares (Subject to reallocation and the Over-allotment Option)**
Offer Price	:	**Not more than HK$1.40 per Offer Share (payable in full on application in Hong Kong dollars, subject to refund, plus brokerage fee of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) and expected to be not less than HK$1.05 per Offer Share**
Nominal value	:	**HK$0.01 per Share**
Stock code	:	**2501**

Sole Sponsor

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Joint Bookrunners and Joint Lead Managers (in alphabetical order)

民銀資本 CMBC CAPITAL HOLDINGS LIMITED　EDDID FINANCIAL　創陞 Innovax　華盛証券　越秀証券 YUE XIU SECURITIES

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 "Documents delivered to the Registrar of Companies and On Display" in Appendix V 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 final Offer Price is expected to be fixed by agreement between our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) currently on the Price Determination Date, which is scheduled on or about Wednesday, 4 October 2023, or such later date as may be agreed between our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters). The Offer Price will not be more than HK$1.40 per Share and is currently expected to be not less than HK$1.05 per Share unless otherwise announced. Applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$1.40 per Share together with a brokerage fee of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% subject to refund if the Offer Price as finally determined should be lower than HK$1.40 per Offer Share.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, with our consent, extend or reduce the indicative Offer Price range stated in this prospectus (which is HK$1.05 to HK$1.40 per Share) at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, notices of the extension or reduction of the indicative Offer Price range will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.maiyuesoft.com** not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. If, for any reason, the Offer Price is not agreed between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on or before Wednesday, 4 October 2023, the Global Offering (including the Hong Kong Public Offer) will not proceed and will lapse. See "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

Prospective investors of the Global Offering should note that the obligations of the Underwriters under the Underwriting Agreements are subject to termination by notice in writing to our Company given by the Sole Overall Coordinator (for itself and on behalf of the Underwriters) upon the occurrence of any of the events set out under "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for Termination" at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Sole Overall Coordinator (for itself and on behalf of the Underwriters) terminate the Underwriting Agreements in accordance with the terms of the Underwriting Agreements, the Global Offering will not proceed and will lapse.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offer. 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 Offer.

This prospectus is available at the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.maiyuesoft.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

28 September 2023

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offer. 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 Offer.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.maiyuesoft.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 via the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** or in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**); 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 Centre 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 online via the **HK eIPO White Form** service for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

Thursday, 28 September 2023	**—**	**9:00 a.m. to 6:00 p.m.**
Friday, 29 September 2023	**—**	**9:00 a.m. to 6:00 p.m.**
Tuesday, 3 October 2023	**—**	**9:00 a.m. to 6:00 p.m.**
Wednesday, 4 October 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 (WUMP) 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.

IMPORTANT

You may apply through the **HK eIPO White Form** service or give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be 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**	**No. of Hong Kong Offer Shares applied for**	**Amount payable on application**	**No. of Hong Kong Offer Shares applied for**	**Amount payable on application**
	HK$		*HK$*		*HK$*
2,000	2,828.24	90,000	127,270.71	2,000,000	2,828,238.00
4,000	5,656.48	100,000	141,411.90	2,500,000	3,535,297.50
6,000	8,484.71	200,000	282,823.80	3,000,000	4,242,357.00
8,000	11,312.95	300,000	424,235.70	3,500,000	4,949,416.50
10,000	14,141.19	400,000	565,647.60	4,000,000	5,656,476.00
20,000	28,282.38	500,000	707,059.50	4,500,000	6,363,535.50
30,000	42,423.56	600,000	848,471.40	5,000,000	7,070,595.00
40,000	56,564.75	700,000	989,883.30	5,500,000	7,777,654.50
50,000	70,705.96	800,000	1,131,295.20	6,000,000	8,484,714.00
60,000	84,847.15	900,000	1,272,707.10	6,250,000*	8,838,243.76
70,000	98,988.34	1,000,000	1,414,119.00		
80,000	113,129.52	1,500,000	2,121,178.50		

* 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.

Our Company will publish an announcement on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.maiyuesoft.com if there is any change in the following expected timetable of the Hong Kong Public Offer.

Date[1]

Hong Kong Public Offer commences . . . . 9:00 a.m. on Thursday, 28 September 2023

Latest time to complete electronic applications under the **HK eIPO White Form** service through one of the followings[2]: . . . . 11:30 a.m. on Wednesday, 4 October 2023

(1) the designated website at **www.hkeipo.hk**

(2) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**[2]

Application lists of the Hong Kong Public Offer open[3] . . . . 11:45 a.m. on Wednesday, 4 October 2023

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s).. . . . . 12:00 noon on Wednesday, 4 October 2023

Latest time to give **electronic application instructions** to HKSCC[4] . . . . 12:00 noon on Wednesday, 4 October 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 of the Hong Kong Public Offer close . . . . 12:00 noon on Wednesday, 4 October 2023

Expected Price Determination Date[5]	Wednesday, 4 October 2023
Announcement of the final Offer Price, the level of applications in the Hong Kong Public Offer, the level of indications of interest in the International Placing and the basis of allocation of the Hong Kong Offer Shares to be published on the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company at **www.maiyuesoft.com** on or before[9]	Tuesday, 10 October 2023
Announcement of results of allocations in the Hong Kong Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.maiyuesoft.com** (See "How to Apply for Hong Kong Offer Shares — 11. Publication of results" for further details) from[9]	Tuesday, 10 October 2023
Results of allocations in the Hong Kong Public Offer will be available at the "IPO Results" function at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** or in the **IPO App** with a "search by ID" function[9]	Tuesday, 10 October 2023
From the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from	Tuesday, 10 October 2023 to Friday, 13 October 2023
Despatch/Collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the price payable per Offer Share on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer on or before[6 to 9]	Tuesday, 10 October 2023

Despatch/Collection of Share certificates in respect of wholly or partially successful applications/Deposit of Share certificates into CCASS pursuant to the Hong Kong Public Offer on or before[6 to 9] . . . . Tuesday, 10 October 2023

Dealings in the Shares on the Stock Exchange expected to commence on[9] . . . . Wednesday, 11 October 2023

Notes:

(1) All times and dates refer to Hong Kong local time, except as otherwise stated.

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

(3) If there is a "black" rainstorm warning, Extreme Conditions and/or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 4 October 2023, the application lists will not open on that day. See "How to Apply for Hong Kong Offer Shares — 10. Effect of bad weather and/or Extreme Conditions on the opening of the application lists" for further details.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Offer Shares — 6. Applying by giving **electronic application instructions** to HKSCC via CCASS" for further details.

(5) The Price Determination Date is expected to be on or around Wednesday, 4 October 2023. If, for any reason, the Offer Price is not agreed between us and the Sole Overall Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse accordingly.

(6) Share certificates for the Offer Shares are expected to be issued on or before Tuesday, 10 October 2023 but will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects; and (ii) none of the Underwriting Agreements has been terminated in accordance with its terms.

(7) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer and also in respect of wholly or partially successful applications 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 cheques, 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 cheques. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheques.

(8) Applicants who have applied on the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares may collect any refund cheques (where applicable) and/or Share certificates (where applicable) in person from our Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 10 October 2023 or such other date as notified by us as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. Applicants being corporations who opt for personal collection must attend through their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. 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 the section headed "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies — Personal Collection — If you apply via Electronic Application Instructions to HKSCC" of this prospectus for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through a single bank account may have refund monies (if any) despatched to the bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheque(s) in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Share certificates and/or refund cheques for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be despatched 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 — 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies."

(9) If there is a "black" rainstorm warning, Extreme Conditions and/or a tropical cyclone warning signal number 8 or above in force in Hong Kong in any days between Wednesday, 4 October 2023 to Tuesday, 10 October 2023, then the day of (i) announcement of results of allocations in the Hong Kong Public Offer; (ii) despatch/collection of Share certificates and refund cheques/e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

You should read carefully the sections "Underwriting", "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and/or Extreme Conditions and the despatch/collection of refund monies and Share certificates.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offer and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy 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 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 authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering.

The contents of our Company's website at www.maiyuesoft.com do not form part of this prospectus.

This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors". You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in "Definitions" and "Glossary of Technical Terms".

OVERVIEW

We are an integrated IT solutions services provider in the education and government IT solutions markets in Guangxi with an operating history of over 20 years. According to the F&S Report, we had a market share of 1.3% and 0.08% in the education IT solutions market and the government IT solutions market in Guangxi, respectively, in terms of revenue in 2022.

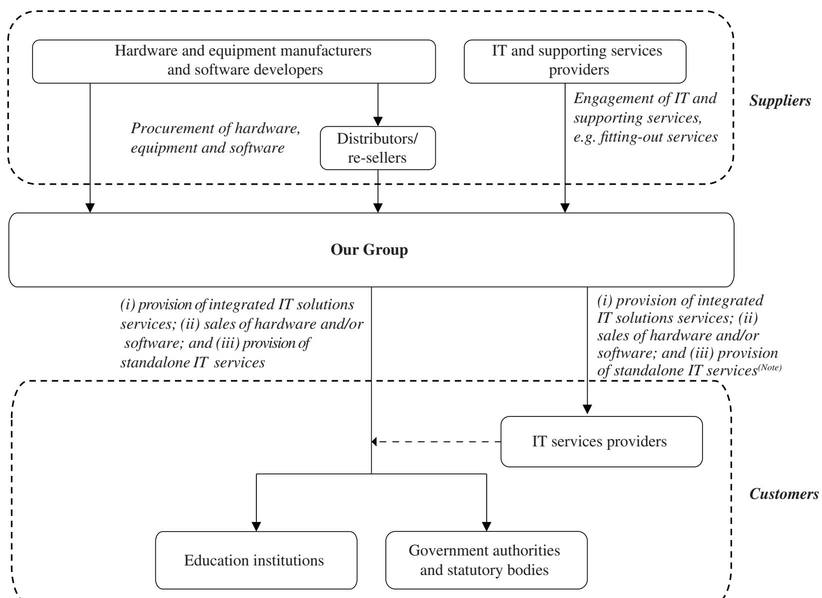
We have completed more than 300 projects of different scales across majority of the cities in Guangxi during the Track Record Period. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from services provided to customers in the education sector accounted for 82.8%, 57.2%, 81.3% and 83.8% of our total revenue, respectively.

In 2018, leveraging our in-depth local industry knowledge and experience and in view of the business opportunities in the government IT solutions market emerging from favourable policies and regulations implemented by the PRC Government, we extended our provision of customised integrated IT solutions services to customers in the government sector through replicating our operation model in the education sector, with an aim to assist customers in the government sector in relation to digitalised government development. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from services provided to customers in the government sector accounted for 11.5%, 31.6%, 3.7% and 2.4% of our total revenue, respectively. We consider the expansion to the government sector as diversification of our business operation. Therefore, going forward, we intend to continue to place strategic focus on the provision of customised integrated IT solutions services to customers in the education sector, whilst we will pursue and diversify our business by providing customised integrated IT solutions services to customers in the government sector, when any suitable business opportunities arises.

We experience seasonal fluctuations in our operation. In particular, a majority of our revenue derived from integrated IT solutions services is recognised upon the user acceptance tests are passed, which are carried out and normally completed in the fourth quarter of the year. We also recorded net losses for the four months ended 30 April 2022 and 2023 which was primarily due to seasonality effect of our business operation. See "— Seasonality" in this section below for further details.

OUR BUSINESS MODEL

We are an integrated IT solutions services provider. The following diagram illustrates our business model:



Note: Other IT services providers may (i) assign us all or part of their project works by engaging us for the provision of integrated IT solutions services; or (ii) purchase hardware and software, and standalone IT services from us.

OUR SERVICES

During the Track Record Period, our services can be categorised into three segments, namely (i) integrated IT solutions services; (ii) sales of hardware and/or software; and (iii) standalone IT services. We have been focusing on the provision of customised integrated IT solutions services according to the specific requirements of our customers. Our customised integrated IT solutions services include (i) design of integrated IT solutions accommodating the specific requirements of our customers; (ii) development of solution-based application systems and sourcing of suitable hardware, software and equipment; (iii) implementation of integrated IT solutions including construction, integration and upgrade of IT infrastructure and systems; and/or (iv) provision of technical and maintenance supporting services. For the years ended 31 December 2020, 2021 and

2022 and the four months ended 30 April 2023, a majority of our revenue was generated from the provision of integrated IT solutions services, which accounted for 91.5%, 83.9%, 81.6% and 57.6% of our total revenue, respectively.

As a result of our research and development capabilities, since 2015, we have developed a comprehensive portfolio of product offerings involving application of advanced technologies such as big data analytics (e.g. Maiyue Big Data Analysis Platform (邁越大數據分析平台), Maiyue Data Diagnosis Platform (邁越信息化診改平台)), IoT, cloud computing (e.g. Chuangpeng Cloud Desktop Virtualisation System (創鵬雲桌面虛擬化系統)) and AI (e.g. Maiyue One-stop Web Office Automation System (邁越一站式網上辦事大廳系統)), to complement our integrated IT solutions services. Our self-developed products are fully developed in-house based on our internal research and development, and are not modified versions of other pre-existing third-party's software. Depending on the circumstance and requirement of each project, we may offer our self-developed products in our integrated IT solutions services. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from integrated IT solutions projects with our self-developed products involved amounted to RMB22.2 million, RMB37.6 million, RMB26.9 million and RMB0.4 million, respectively, representing 11.7%, 22.2%, 13.5% and 7.6% of our revenue of our integrated IT solutions projects for the corresponding years/period.

Upon requests of our customers, we occasionally source and procure hardware and/or software for our customers from our suppliers or sell our self-developed software to our customers on a standalone basis. We may advise our customers on the selection of hardware and software, based on their existing IT infrastructure and system specifications and requirements. The typical IT hardware and software products we sold during the Track Record Period included (i) computers and accessories, servers and network switches; and (ii) software for training, data collection and analytics, data storage and network access management.

Our customers may also engage us for standalone IT services following their purchase of our integrated IT solutions and the warranty periods thereof to optimise system performance and identify and resolve errors and defects. Our standalone IT services generally involve the provision of maintenance and/or support services on our customers' IT system based on customers' needs.

OUR COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have contributed to our success to date and will continue to promote our expansion:

— we are an integrated IT solutions services provider with an established operating history in the education and government IT solutions markets in Guangxi;

— we are equipped with capability in providing integrated IT solutions services which are customised to the distinctive needs of our customers;

— we possess research and development capability to enhance the variety and functions of our product offerings to complement our integrated IT solutions services; and

— we have an experienced and professional management team with a proven track record in the operation of our business.

OUR BUSINESS STRATEGIES

In order to achieve sustainable growth and enhance our presence as an integrated IT solutions services provider, we intend to pursue the following business strategies:

— strengthen our market position and further expand our customer base through continued investments in new projects;

— strengthen our research and development capabilities in product development;

— recruit talents to explore future business opportunities and enhance our competitiveness;

— upgrade our own IT infrastructure to achieve operational efficiency; and

— enhance our brand recognition and awareness.

OUR CUSTOMERS

During the Track Record Period, we were engaged by either end users, such as education institutions and government authorities, or other IT services providers, depending on the available business opportunities at the material time. The IT services providers may (i) assign us all or part of their project works to the end users by engaging us for the provision of integrated IT solutions services; or (ii) purchase hardware and software, and standalone IT services from us. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from services provided to end users accounted for 57.3%, 49.4%, 77.4% and 68.4% of our total revenue, respectively; and our revenue generated from services provided to IT services providers accounted for 42.7%, 50.6%, 22.6% and 31.6% of our total revenue, respectively.

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our five largest customers in each year/period during the Track Record Period in aggregate accounted for 53.2%, 47.3%, 53.7% and 87.4% of our total revenue, respectively; and our largest customer in each year/period during the Track Record Period accounted for 24.4%, 23.2%, 34.4% and 51.3% of our total revenue, respectively. In particular, our largest customer for each of the years ended 31 December 2020 and 2021 was Digital Guangxi, which is our related party, while our largest customer for each of the year ended 31 December 2022 and the four months ended 30 April 2023 were independent third parties. See "Business — Our Customers" for further details.

OUR SUPPLIERS

During the Track Record Period, our suppliers mainly comprise (i) hardware and equipment manufacturers or distributors, or software developers; and (ii) IT and supporting services providers, which provide IT and supporting services such as fitting-out services. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our five largest suppliers in each year/period during the Track Record Period in aggregate accounted for 45.3%, 36.3%, 44.5% and 55.0% of our total purchase, respectively, and our largest supplier in each year/period during the Track Record Period accounted for 17.0%, 16.9%, 25.8% and 26.6% of our total purchase, respectively. See "Business — Our Suppliers" for further details.

SEASONALITY

We experience seasonal fluctuations in our operation. During the Track Record Period, our customers were mainly education institutions, and many of which were primarily financed by government funds. These customers usually adopt a pre-approval management system and centralised procurement system, with annual budget and procurement plan formulated and design of tendering scheme carried out at the beginning of each year, followed by tendering process starting from the second quarter of the year. For integrated IT solutions services provided to education institutions, as our project executions generally involving installation of hardware and data transfer in various campuses may disrupt the normal operation of the education institutions, project execution generally starts around the summer breaks of education institutions in the third quarter of the year to minimise such disruption and our projects are normally completed within approximately one to three month(s). After the project execution are completed, user acceptance tests are carried out and normally completed in the fourth quarter of the year.

Since a majority of our revenue derived from integrated IT solutions services is recognised upon the user acceptance tests are passed and a majority of our revenue was derived from integrated IT solutions services during the Track Record Period, a majority of our revenue is recognised during the fourth quarter of the year. For the years ended 31 December 2020, 2021 and 2022, 57.0%, 58.0% and 56.3% of our total revenue was recognised during the fourth quarter of the year, respectively. According to the F&S Report, such seasonal fluctuations are in line with the market practice in the education IT solutions market and it is not uncommon for market players in the PRC of similar business nature to recognise more of their revenue in the fourth quarter of the year.

As a result of such seasonality effect, given that a substantial number of projects would normally be completed in the fourth quarter of the preceding year, while the projects for the upcoming year would normally be awarded in the second half of the year, the outstanding contract value of our integrated IT solutions services projects as at 30 April is relatively smaller as compared with the total revenue to be recognised throughout the year.

Our cash flow was also affected by such seasonality effect during the Track Record Period. We generally receive payment from customers after user acceptance tests of the projects and incur cash payment upfront throughout project execution, such as for the procurement of hardware, equipment and software, service costs for IT and supporting services and staff costs. As project execution starts from the third quarter of the year and the user acceptance tests are carried out in the fourth quarter of the corresponding year, we normally record net cash outflow from operating activities during the first three quarters of the year. For the four months ended 30 April 2022 and 2023, we had net cash outflow from operating activities of RMB24.4 million and RMB31.6 million, respectively.

Our Directors are also of the view that the substantially larger trade receivables turnover days for the four months ended 30 April 2023 was largely affected by seasonality effect, as the amount of revenue recognised for the first four months is insignificant as compared with the full year.

Accordingly, various aspects of our results of operations, including revenue, trade receivables, working capital and operating cashflow, are exposed to the seasonal fluctuations in demand for our services. See "Risk factors — Our business operations may be affected by seasonality" in this prospectus for details of the risks associated with the seasonality effect.

COMPETITIVE LANDSCAPE

According to the F&S Report, both the education and government IT solutions markets are subsets of the overall IT solutions market with market share of 11.7% and 9.9% within the overall IT solutions market in the PRC, respectively, in terms of revenue in 2022. Education IT solutions generally include sales of hardware equipment, provision of software services, provision of integrated IT solutions services and provision of content service. The education IT solutions markets in Guangxi are highly fragmented approximately 1,000 players, respectively, among which there were less than 500 integrated IT solutions services providers. The government IT solutions markets in Guangxi are also fragmented with around 300 players, respectively.

RISK FACTORS

Our business is subject to numerous risks and there are risks relating to an investment in the Offer Shares. A summary of certain of these risk factors is set forth below. This summary should be read together with "Risk Factors" in its entirety. Any of the following developments may have a material and adverse effect on our business, financial condition, results of operations and prospects: (i) there is no assurance that our customers will make payment to us on time and in full and we are therefore subject to credit risks; (ii) we may occasionally grant our customers longer payment periods which may bring us higher level of credit risks; (iii) our business operations may be affected by seasonality; (iv) our revenue is mainly derived from projects which are non-recurring in nature and failure to secure tender contracts would affect our operations and financial results; (v) we may not be able to keep pace with the rapid changes in market demands or technological advancements; (vi) changes in government policies and/or government funds would affect the demand of our services and products and create uncertainty as to our future revenue streams; (vii) we may encounter cost overruns or delays in our integrated IT solutions projects; and (viii) we recorded net losses for the four months ended 30 April 2022 and 2023.

SELECTED KEY FINANCIAL AND OPERATIONAL DATA

The following tables set forth, for the years/periods indicated, selected financial and operating data from our consolidated financial information. See the Accountants' Report in Appendix I to this prospectus for further details on the financial information.

Summary of Results of Operations

	Years ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	207,074	201,742	243,255	7,996	8,641
Cost of sales	(131,701)	(102,863)	(138,624)	(6,682)	(6,988)
Gross profit	75,373	98,879	104,631	1,314	1,653
Profit/(loss) for the year/period	39,438	46,283	49,056	(19,742)	(16,884)
Total comprehensive income for the year/period	39,438	46,400	48,120	(20,087)	(16,725)
Attributable to:					
Equity shareholders of the Company	39,438	46,095	47,838	(19,847)	(16,517)
Non-controlling interests	—	305	282	(240)	(208)
Total comprehensive income for the year/period	39,438	46,400	48,120	(20,087)	(16,725)

Revenue

The following table sets forth a breakdown of our revenue by (i) business segment; (ii) type of customers; and (iii) industry sector of end users, respectively for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
By business segment										
Integrated IT solutions services	189,485	91.5	169,337	83.9	198,491	81.6	1,690	21.1	4,976	57.6
Sales of hardware and/or software	12,225	5.9	26,834	13.3	40,980	16.8	5,662	70.8	2,924	33.8
Standalone IT services	5,364	2.6	5,571	2.8	3,784	1.6	644	8.1	741	8.6
Total	207,074	100.0	201,742	100.0	243,255	100.0	7,996	100.0	8,641	100.0
By type of customers										
End users	118,632	57.3	99,662	49.4	188,333	77.4	2,275	28.5	5,914	68.4
IT services providers	88,442	42.7	102,080	50.6	54,922	22.6	5,721	71.5	2,727	31.6
Total	207,074	100.0	201,742	100.0	243,255	100.0	7,996	100.0	8,641	100.0
By industry sector of end users										
Education	171,558	82.8	115,340	57.2	197,667	81.3	2,061	25.8	7,245	83.8
Government	23,907	11.5	63,832	31.6	8,998	3.7	361	4.5	201	2.4
Others[1]	11,609	5.7	22,570	11.2	36,590	15.0	5,574	69.7	1,195	13.8
Total	207,074	100.0	201,742	100.0	243,255	100.0	7,996	100.0	8,641	100.0

Note:

(1) Others generally refer to IT services providers, corporate customers and individual customers who purchase hardware and/or software, and standalone IT services from us and do not specify the end users of the products or services.

By business segment

The decrease in our revenue from integrated IT solutions services for the year ended 31 December 2021 was mainly due to our increased resources devoted in the projects under the Digital Guangxi Tripartite Agreements, resulting in a larger portion of revenue recognised from the Digital Guangxi Tripartite Agreements which was recognised on net basis as we were regarded as an agent in the contracts in accordance with accounting policies, while majority of our revenue during the Track Record Period was recognised on gross basis. The revenue from integrated IT solutions services increased during the year ended 31 December 2022 was mainly attributable to a smaller portion of revenue recognised from the Digital Guangxi Tripartite Agreements which was recognised on net basis and the increase in market size of the education IT solutions industry in Guangxi, resulting in an increase in number and contract value of integrated IT solutions projects available and awarded to us during the year ended 31 December 2022. The revenue from integrated IT solutions services increased by 194.1% from RMB1.7 million for the four months ended 30 April 2022 to RMB5.0 million for the four months ended 30 April 2023, mainly because we secured a new project in late 2022 from a customer in the education sector being an end user who contributed revenue of RMB4.4 million for the period ("**Project U**").

Our revenue from sales of hardware and/or software continuously increased during the three years ended 31 December 2022, which was incidental to our increased market presence as a result of the business expansion in our integrated IT solutions services business, which is our main business, and our continuous marketing effort under the expanding market backdrop. As a result, we have secured orders from new customers in 2021 and 2022 for sales of hardware and/or software. In particular, the increase in our revenue from sales of hardware and/or software for the year ended 31 December 2021 was also due to (i) the expansion of distribution channel to industry related online procurement platforms for the sales of hardware; and (ii) the increase in sales of self-developed software during the year, as a result of our continuous research and development effort. Our revenue from sales of hardware and/or software decreased by 49.1% from RMB5.7 million for the four months ended 30 April 2022 to RMB2.9 million for the four months ended 30 April 2023, primarily due to the absence of contracts with contract sum of over RMB2.0 million in the four months ended 30 April 2023, as opposed to there being two contracts with such contract sum for the corresponding period in the preceding year.

By industry sector of end users

We recorded relatively low revenue contribution from the education sector for the year ended 31 December 2021, which was mainly due to the decreased number of projects tendered and accepted during the year as a result of the devotion of our significant resource in the increased workload in the government sector during the year which was led by the business opportunities given by Digital Guangxi arisen at the material time, which contributed 23.2% of our total revenue for the year ended 31 December 2021. For the four months ended 30 April 2023, our revenue contribution from education sector increased as compared to the same period in 2022, primarily because of Project U as mentioned above.

Gross profit and gross profit margin

The following table sets forth a breakdown of our gross profit and gross profit margin by (i) business segment; (ii) type of customers; and (iii) industry sector of end users, respectively for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
By business segment										
Integrated IT solutions services	69,130	36.5	84,121	49.7	94,775	47.7	549	32.5	846	17.0
Sales of hardware and/or software	1,901	15.6	10,382	38.7	7,346	17.9	331	5.8	252	8.6
Standalone IT services	4,342	80.9	4,376	78.5	2,510	66.3	434	67.4	555	74.9
Total	75,373	36.4	98,879	49.0	104,631	43.0	1,314	16.4	1,653	19.1
By type of customers										
End users	50,025	42.2	44,215	44.4	87,094	46.2	904	39.7	1,256	21.2
IT services providers	25,348	28.7	54,664	53.6	17,537	31.9	410	7.2	397	14.6
Total	75,373	36.4	98,879	49.0	104,631	43.0	1,314	16.4	1,653	19.1
By industry sector of end users										
Education	57,195	33.3	54,606	47.3	91,337	46.2	720	34.9	1,339	18.5
Government	13,446	56.2	34,304	53.7	4,354	48.4	316	87.5	158	78.6
Others	4,732	40.8	9,969	44.2	8,940	24.4	278	5.0	156	13.1
Total	75,373	36.4	98,879	49.0	104,631	43.0	1,314	16.4	1,653	19.1

By business segment

Our gross profit margin for integrated IT solutions services increased from 36.5% for the year ended 31 December 2020 to 49.7% for the year ended 31 December 2021, which was mainly attributable to (i) revenue of RMB5.1 million, out of the revenue of RMB13.3 million, from the Digital Guangxi Tripartite Agreements, was recognised on net basis after deducting the relevant software supplier cost which resulted in a higher gross profit margin of 95.8% recognised for the year; and (ii) our effort in pursuing additional integrated IT solutions projects incorporating our self-developed software with higher gross profit margin of 78.5% as we were able to reduce the procurement costs incurred in purchasing software from third parties. The decrease in gross profit margin by 15.5 percentage points from 32.5% for the four months ended 30 April 2022 to 17.0% for the four months ended 30 April 2023 was primarily owing to the seasonality effect of our business operation and the lower gross profit margin of 9.1% derived from Project U. Our Directors considered that the project was not technically complicated and it mainly involved the sales and installation of hardware with transparent selling price in the market, rather than the involvement of our self-developed products.

Our gross profit margin for sales of hardware and/or software was relatively higher at 38.7% for the year ended 31 December 2021, which was mainly attributable to an increase in sales of self-developed software and provision of ancillary installation services to customers, both of which rendered a higher profitability, during the year. Our gross profit margin for sales of hardware and/or software for the four months ended 30 April 2022 was lower mainly because the two contracts secured from a new customer in late 2021 and 2022 which contributed a majority of the segment revenue for the four months ended 30 April 2022 did not require ancillary installation services. Our gross profit margin for sales of hardware and/or software for the four months ended 30 April 2023 was lower than the gross profit margin for the year ended 31 December 2022, mainly because of (i) the decrease in revenue contribution from sales of self-developed software; and (ii) our lower bargaining power in price negotiation for the major sales of third-party products for the four months ended 30 April 2023 having considered our capacity and the business opportunities available at the material time.

Our gross profit margin for standalone IT services decreased from 78.5% for the year ended 31 December 2021 to 66.3% for the year ended 31 December 2022, which was mainly attributable to more contracts requiring stationed staff, and the resultant increase in staff cost incurred in our standalone IT services for the year ended 31 December 2022. The increase in gross profit margin by 7.5 percentage points from 67.4% for the four months ended 30 April 2022 to 74.9% for the four months ended 30 April 2023 was primarily owing to the decrease in the staff cost incurred in respect of stationed staff for providing standalone IT services for the four months ended 30 April 2023.

Due to the seasonality effect of our business operation, we recorded relatively insignificant revenue and gross profit for the first four months of the year and thus the revenue and gross profit derived from a particular project or contract e.g. Project U could contribute a substantial portion of our revenue and gross profit for the period.

By type of customers

Our gross profit margin for sales to IT services providers was relatively higher at 53.6% for the year ended 31 December 2021 as compared with 2020 and 2022, which was mainly attributable to the higher gross profit margin derived from the Digital Guangxi Tripartite Agreements and sales of self-developed software. For the four months ended 30 April 2023, the decrease in our gross profit margin for sales to end users as compared with four months ended 30 April 2022 was mainly due to Project U, while the increase in gross profit margin for IT services providers was mainly due to increase in gross profit margin for sales of hardware and/or software. See "— By business segment" above for details.

Profit for the year/period

Our profit for the year amounted to RMB39.4 million, RMB46.3 million, and RMB49.1 million for the years ended 31 December 2020 and 2021 and 2022, respectively. Our net profit margin were 19.0%, 22.9% and 20.2% for the corresponding years. We recorded loss of RMB19.7 million and RMB16.9 million for the four months ended 30 April 2022 and 2023, respectively.

Our net profit increased by 17.5% from RMB39.4 million for the year ended 31 December 2020 to RMB46.3 million for the year ended 31 December 2021, primarily due to the increase in gross profit of RMB23.5 million, partially offset by (i) the increase in selling expenses of RMB3.3 million which was mainly attributable to the increase in staff costs of selling personnel; (ii) the increase in administrative expenses of RMB6.0 million which was mainly attributable to the increase in Listing expenses and increase in staff costs of administrative personnel; (iii) the increase in finance costs of RMB2.7 million; and (iv) the increase in income tax expense of RMB3.1 million.

Our net profit increased by 6.0% from RMB46.3 million for the year ended 31 December 2021 to RMB49.1 million for the year ended 31 December 2022, primarily due to the increase in gross profit of RMB5.8 million.

We recorded net losses for the four months ended 30 April 2022 and 2023 was primarily due to seasonality effect. The decrease in net loss for the four months ended 30 April 2023 as compared with the corresponding period in 2022 was mainly due to the decrease in research and development expenses and administrative expenses.

Summary of Consolidated Statements of Financial Position

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	56,773	119,777	32,216	76,106
Current assets	217,926	294,403	449,995	290,162
Current liabilities	135,723	228,864	228,708	125,874
Net current assets	82,203	65,539	221,287	164,288
Total assets less current liabilities	138,976	185,316	253,503	240,394
Non-current liabilities	55,435	53,993	74,060	77,676
Net assets	83,541	131,323	179,443	162,718
Non-controlling interests	—	1,687	1,969	1,761

Our net current assets decreased from RMB82.2 million as at 31 December 2020 to RMB65.5 million as at 31 December 2021, which was mainly due to (i) the increase in trade and other payables of RMB64.9 million; and (ii) the increase in bank and other loans of RMB36.1 million, partially offset by the increase in trade and other receivables of RMB84.0 million. Our net current assets increased to RMB221.3 million as at 31 December 2022, which was mainly due to (i) the increase in non-current assets classified as held for sale of RMB96.2 million; and (ii) the decrease in trade and other payables of RMB74.5 million; (iii) the increase in trade and other receivables of RMB26.4 million; (iv) the increase in contract assets of RMB14.8 million; and (v) the increase in cash and cash equivalents of RMB13.4 million, partially offset by (i) the increase in liabilities directly associated with non-current assets classified as held for sale of RMB58.9 million; and (ii) the increase in bank and other loans of RMB17.5 million. Our net current assets decreased to RMB164.3 million as at 30 April 2023, which was mainly due to (i) the decrease in non-current assets classified as held for sale of RMB96.2 million; and (ii) the decrease in cash and cash equivalents of RMB58.7 million, partially offset by (i) the decrease in liabilities directly associated with non-current assets classified as held for sale of RMB58.9 million; (ii) the decrease in bank and other loans of RMB24.1 million; and (iii) the decrease in trade and other payables of RMB17.6 million.

Our net assets increased from RMB83.5 million as at 31 December 2020 to RMB131.3 million as at 31 December 2021, mainly due to (i) profit generated for the year of RMB46.3 million; and (ii) acquisition of a subsidiary, namely, Shuguang Maiyue, with non-controlling interests of RMB1.4 million. Our net assets further increased to RMB179.4 million as at 31 December 2022, mainly owing to profit generated for the year of RMB49.1 million, partially offset by exchange differences in translation of financial statements of operations outside the mainland China of RMB0.9 million. Our net assets decreased to RMB162.7 million as at 30 April 2023, mainly owing to loss for the period of RMB16.9 million.

Summary of Consolidated Cash Flow Statements

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net cash generated from/(used in) operating activities	5,497	6,675	10,114	(24,377)	(31,645)
Net cash used in investing activities	(26,509)	(17,993)	(17,921)	(1,235)	(2,017)
Net cash generated from/(used in) financing activities	40,590	4,358	21,252	(15,964)	(25,075)
Net increase/(decrease) in cash and cash equivalents	19,578	(6,960)	13,445	(41,576)	(58,737)
Cash and cash equivalents at the beginning of the year/period	36,538	56,116	49,156	49,156	62,601
Effect of foreign exchange rate changes	—	—*	—*	(36)	—*
Cash and cash equivalents at the end of the year/period	56,116	49,156	62,601	7,544	3,864

* This balance represents any amount of less than RMB500.

For the year ended 31 December 2020, we had profit before taxation of RMB44.8 million and net cash generated from operating activities of RMB5.5 million. The difference was mainly due to the increase in trade and other receivables of RMB61.8 million, partially offset by the increase in trade and other payables of RMB13.1 million. For the year ended 31 December 2021, we had profit before taxation of RMB54.8 million and net cash generated from operating activities of RMB6.7 million. The difference was mainly due to the increase in trade and other receivables of RMB78.9 million, partially offset by the increase in trade and other payables of RMB22.6 million. For the year ended 31 December 2022, we had profit before taxation of RMB56.2 million and net cash generated from operating activities of RMB10.1 million. The difference was mainly due to (i) the increase in trade and other receivables of RMB32.5 million mainly as a result of the increase in prepayment made to the suppliers for the purchase of software and hardware products for a potential project to be tendered in 2023 and prepayment for the research and development purposes; (ii) the increase in contract assets of RMB12.9 million as a result of the projects of certain new customers completed in 2022 but with billing milestones not having been reached by the end of 2022; and (iii) the decrease in trade and other payables of RMB12.5 million mainly as a result of settlement of trade payables. For the four months ended 30 April 2023, we had loss before taxation of RMB19.9 million and net cash used in operating activities of RMB31.6 million. The difference was mainly due to (i) the decrease in trade and other payables of RMB19.3 million as a result of settlement of our trade payables; and (ii) the increase in inventories of RMB4.1 million as a result of the increase in the number of our ongoing projects which have not reached the stage of user acceptance test.

Our Directors confirm that, taking into consideration the financial resources presently available to us, which is primarily our internal resources, bank borrowings and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Key Financial Ratios

	Years ended 31 December			Four months ended 30 April
	2020	**2021**	**2022**	**2023**
Net profit/(loss) margin	19.0%	22.9%	20.2%	(195.4)%
Return on equity	47.2%	35.2%	27.3%	(10.4)%
Return on total assets	14.4%	11.2%	10.2%	(4.6)%
Interest coverage	9.1 times	7.7 times	7.3 times	(5.7) times
Current ratio	1.6 times	1.3 times	2.0 times	2.3 times
Quick ratio	1.6 times	1.3 times	1.9 times	2.2 times
Debt asset ratio	34.7%	29.3%	32.9%	37.5%
Gearing ratio	114.2%	92.4%	88.3%	84.4%
Net debt to equity ratio	47.0%	54.9%	51.9%	81.2%

See "Financial Information — Key Financial Ratios" for further details of the formulae of the financial ratios.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), Mr. Li, Mr. Wang, Ms. Deng, Mr. Zhang and Deep Blue Ocean will be our Controlling Shareholders collectively and beneficially interested in an aggregate of 61.2% of our issued share capital. Hence, Mr. Li, Mr. Wang, Ms. Deng, Mr. Zhang and Deep Blue Ocean will be our Controlling Shareholders and will comprise a group of Controlling Shareholders within the meaning of the Listing Rules. There is no competition between the business of our Controlling Shareholders and our businesses. Our Directors believe that our Group is capable of carrying out its businesses independently of our Controlling Shareholders and their associates. See "History, Reorganisation and Corporate Structure" for further details of the shareholding structure of our Company.

PRE-IPO INVESTMENTS

Pursuant to the share purchase agreements all dated 10 February 2021, Mr. Ye (through Canwest Profits), Mr. Chan (through Million Oak) and Mr. Chua acquired 800 Shares, 750 Shares and 290 Shares from Deep Blue Ocean, representing 8.0%, 7.5% and 2.9% of the then issued share capital of our Company, at a consideration of HK$8.0 million, HK$7.5 million and HK$2.9 million, respectively, based on arm's length negotiations after taking into consideration the business valuation of our Company, the timing of the investment and the prospect of our business. The share purchase agreements were entered into to ratify the verbal agreements made between Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang and (i) Mr. Ye in September 2017; and (ii) Mr. Chan and Mr. Chua in January 2018, and the settlement of the consideration completed by Mr. Ye, Mr. Chan and Mr. Chua on 7 May 2019, 15 January 2019 and 23 May 2019, respectively. The terms of the share purchase agreements imposed a six-month lock-up obligation over the shareholding interests of our Company held by each of the Pre-IPO Investors through the Pre-IPO Investments.

Immediately following the Reorganisation and completion of the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), Mr. Ye (through Canwest Profits), Mr. Chan (through Million Oak) and Mr. Chua will hold 6.0%, 5.625% and 2.175% of the issued share capital of our Company, respectively. See "History, Reorganisation and Corporate Structure — Pre-IPO Investments" for further details.

LEGAL PROCEEDINGS AND NON-COMPLIANCE INCIDENT

As advised by our PRC Legal Advisers and confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, our Group had all material requisite licences, approvals and permits required for our operation in the PRC.

As at the Latest Practicable Date, no member of our Group or our Directors was involved in any litigation, claim or administrative proceedings of material importance, and no litigation, claim or administrative proceedings of material importance is known to our Directors to be pending or threatened against any member of our Group or our Directors. During the Track Record Period, we experienced a non-compliance incident in relation to the failure to make social insurance and housing provident fund contributions in full in the PRC. See "Business — Legal Proceedings and Non-compliance Incident" for further details. Save as disclosed in "Business — Legal Proceedings and Non-compliance Incident", our PRC Legal Advisers advised that we have been in compliance with the applicable PRC laws and regulations relating to our business operations in all material respects during the Track Record Period.

OUTBREAK OF COVID-19

In view of the outbreak of COVID-19, we suspended our business operations for approximately two weeks in February 2020 as required by the Guangxi governments. Despite the temporary suspension of our business operations, we gradually resumed our operations on 17 February 2020. We also experienced delay in projects caused by temporary suspension of school work and postponement of start date of the spring semester in 2020. As a result, we recorded a decline in our revenue for the four months ended 30 April 2020 when compared with our revenue for the corresponding period in 2019.

During the first half of 2022, there were resurgences of COVID-19 outbreak in relation to Omicron virus variant from time to time in multiple cities in the PRC, which led to the re-imposition of certain quarantine and restrictive measures by the local governments, including the lockdown of major cities such as Shanghai. Travel restrictions and quarantine measures have also been imposed by relevant government authorities in Guangxi, the region in which our major business operations principally take place. As a result, the market sentiment was inevitably affected, and we experienced a decrease in the number of projects tendered which led to a decrease in our revenue generated from the provision of integrated IT solutions services for the four months ended 30 April 2022.

However, due to the inherent seasonality of our business, where tendering process and project execution start from the second quarter and third quarter of the year, respectively, our Directors consider that our business operations was relatively less affected by the resurgences of COVID-19 outbreak in relation to Omicron virus variant as the travel restrictions and quarantine measures in Guangxi have been lessened during the years.

Save for the above, our Directors considered that, up to the Latest Practicable Date, we had not experienced any significant delay in projects, nor had we experienced any material delay or impediment of our research and development, due to the outbreak of COVID-19. In addition, our Directors are of the view that no material adverse effect was caused by the outbreak of COVID-19 on our financial condition. According to the F&S Report, the outbreak of COVID-19 did not result in any decrease in the overall budget for the education IT solutions market in the PRC.

Besides, in response to the COVID-19 pandemic, the Group enjoyed exemption of social insurance contributions from February 2020 to December 2020 in the PRC. The aggregate reduction in social insurance contribution for the year ended 31 December 2020 is estimated to be RMB1.3 million. Such social insurance exemption is non-recurring in nature. We have also received one-off government subsidy, the amount of which is immaterial to our financial conditions.

Based on the above, our Directors confirm that the outbreak of COVID-19 does not have any material adverse effect on our continuing business operation, financial condition and sustainability.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have made continuous effort in obtaining additional contracts. As a result of the effort made, as at the Latest Practicable Date, we have secured projects/works that we have completed or expect to complete during the year ending 31 December 2023 with corresponding contract value (excluding VAT) of RMB89.6 million, RMB47.3 million and RMB8.7 million for integrated IT solutions, sales of hardware and/or software and provision of standalone IT services, respectively. In particular, as at the Latest Practicable Date, we had (i) 22 ongoing integrated IT solutions projects with outstanding contract value (excluding VAT) of RMB76.2 million; (ii) contracts for sales of hardware and/or software with outstanding contract value (excluding VAT) of RMB40.3 million; and (iii) contracts for provision of standalone IT services with outstanding contract value (excluding VAT) of RMB9.1 million. See "Business — Our Services — Integrated IT solutions services — Our ongoing projects" for further details of our ongoing integrated IT solutions projects as at the Latest Practicable Date.

For the eight months ending 31 December 2023, our Group expects to incur additional Listing expenses of RMB13.2 million (equivalent to HK$14.9 million) which will be charged to profit or loss. As a result of the expected increase in Listing expenses, our Group expects a decrease in forecast profit for the year ending 31 December 2023.

Save as disclosed above, our Directors confirm that after the Track Record Period and up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 30 April 2023 (being the date to which the latest audited consolidated financial statements of our Group were prepared), and there is no event since 30 April 2023 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

CONFIRMATION OF FILING BY THE CSRC

On 17 February 2023, the CSRC promulgated Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and five supporting guidelines (together, the "**New Regulations**"), which became effective on 31 March 2023. On the same day, the CSRC also issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestics Companies (《關於境內企業境外發行上市備案管理安排的通知》) (the "**Notice**"). The New Regulations will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of the PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestics companies' securities by adopting a filing-based regulatory regime.

Pursuant to the New Regulations and Notice, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfil the filing procedure with the CSRC and report relevant information. According to our PRC Legal Advisers, we are subject to the filing procedure and reporting with the CSRC according to the New Regulations and Notice.

On 19 July 2023, the CSRC issued the Notice of Filing on the Overseas Offering and Listing of Maiyue Technology Limited to our Company, which confirmed the filing information of the Company's overseas securities offering submitted to them. As advised by our PRC Legal Advisers, we have completed the relevant filings for the application of Listing and overseas offering, and no other approval from the CSRC is required to be obtained before the Listing. See "Regulatory Overview — VIII. Regulations Relating to Overseas Securities Offering and Listing by Domestic Companies" for further details.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$96.3 million (equivalent to RMB86.0 million) from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$1.225 per Share, being the mid-point of the indicative Offer Price range. We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

— approximately 20.9%, or HK$20.1 million (equivalent to RMB17.9 million), of the net proceeds from the Global Offering will be used to fund our capital needs and cash flow for our new projects as part of our expansion strategy;

— approximately 27.8%, or HK$26.8 million (equivalent to RMB23.9 million), of the net proceeds from the Global Offering will be used to establish and strengthen our research and development centres and recruit additional research and development staff to strengthen our research and development capabilities;

— approximately 9.1%, or HK$8.8 million (equivalent to RMB7.9 million), of the net proceeds from the Global Offering will be used to recruit additional staff in our sales and marketing team, project management team and technical team in support of our business expansion;

— approximately 11.8%, or HK$11.4 million (equivalent to RMB10.2 million), of the net proceeds from the Global Offering will be used to upgrade our IT infrastructure including upgrading and optimising our existing IT infrastructure to enable us to effectively monitor and control our operations and setting up interactive information kiosks;

— approximately 20.4%, or HK$19.6 million (equivalent to RMB17.5 million), of the net proceeds from the Global Offering will be used to optimise our capital structure and improve our liquidity profile by repaying part of our bank borrowings; and

— the remaining balance of approximately 10.0%, or HK$9.6 million (equivalent to RMB8.6 million), of the net proceeds from the Global Offering will be used for working capital and general corporate purposes.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we will only deposit such net proceeds into short-term interest-bearing bank deposits with licensed banks (as defined under the SFO or other applicable laws and regulations in the PRC).

STATISTICS OF GLOBAL OFFERING

	Based on an Offer Price of HK$1.05 per Share	**Based on an Offer Price of HK$1.40 per Share**
Market capitalisation at Listing *(Note 1)* . . .	HK$525.0 million	HK$700.0 million
Unaudited pro forma adjusted net tangible assets of the Group attributable to equity shareholders of the Company per Share *(Note 2)*	HK$0.53	HK$0.62

Notes:

(1) The calculation of market capitalisation is based on each indicative Offer Price and 500,000,000 Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering but takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in "Statutory and General Information — A. Further Information about our Group — 3. Written resolutions of our Shareholders to be passed on 18 September 2023" in Appendix IV to this prospectus.

(2) The unaudited pro forma adjusted net tangible assets of our Group attributable to equity shareholders of our Company per Share is arrived at after the adjustments referred to in "A. Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" in Appendix II to this prospectus and on the basis of 500,000,000 Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering, assuming that the Capitalisation Issue and the Global Offering have been completed on 30 April 2023, but does not take into account of any Shares that may be issued upon exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme. For illustrative purpose, the unaudited pro forma adjusted net tangible assets of our Group attributable to equity shareholders of our Company per share are converted from Renminbi into Hong Kong dollar at exchange rate of HK$1.12 to RMB1. No representation is made that the Hong Kong dollar amounts have been, could have been, or may be converted to Renminbi, or vice versa, at the rate of any other rates at all.

LISTING EXPENSES

Assuming an Offer Price of HK$1.225 per Share, being the mid-point of the indicative Offer Price range of HK$1.05 to HK$1.40 per Share, the total estimated Listing expenses in connection with the Global Offering (including underwriting commission for all Offer Shares) was RMB50.7 million (equivalent to HK$56.8 million), representing approximately 37.1% of the estimated gross proceeds from the Global Offering if the Over-allotment Option is not exercised.

For the years ended 31 December 2019, 2020, 2021 and 2022 and the four months ended 30 April 2023, Listing expenses of RMB1.1 million, RMB3.9 million, RMB8.5 million, RMB6.2 million and RMB2.6 million (equivalent to HK$1.2 million, HK$4.4 million, HK$9.5 million, HK$6.9 million and HK$2.9 million) respectively, were charged to our profit or loss, while RMB0.4 million, RMB1.3 million, RMB2.6 million, RMB1.9 million and RMB0.7 million (equivalent to HK$0.4 million, HK$1.5 million, HK$2.9 million, HK$2.1 million and HK$0.8 million), respectively, are directly attributable to the issuance of Shares and is expected to be accounted for as a deduction from equity upon completion of the Listing. For the eight months ending 31 December 2023, we expect to incur additional Listing expenses of RMB21.5 million (equivalent to HK$24.2 million), of which an estimated amount of RMB13.2 million (equivalent to HK$14.9 million) will be charged to profit or loss and RMB8.3 million (equivalent to HK$9.3 million), being directly attributable to the issuance of Shares, will be accounted for as a deduction from equity upon successful Listing under relevant accounting standards.

The Listing expenses consist of (i) underwriting-related expenses, including underwriting commission, of RMB5.5 million (equivalent to HK$6.2 million); and (ii) non-underwriting related expenses of RMB45.2 million (equivalent to HK$50.6 million), including (a) fees and expenses of legal advisers and Reporting Accountants of RMB25.6 million (equivalent to HK$28.6 million); and (b) other fees and expenses of RMB19.6 million (equivalent to HK$22.0 million).

The Listing expenses above are the best estimate as at the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

DIVIDENDS AND DIVIDEND POLICY

No dividends were paid or declared by our Company or any of its subsidiaries during the Track Record Period and up to the date of this prospectus. We do not have any fixed dividend policy or pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of our Board. Any declaration of final dividend by our Company shall also be subject to the approval of our Shareholders in a Shareholders' meeting. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to constitutional documents, any applicable laws and regulations, including the Cayman Companies Act. Historical dividend distributions are not indicative of our future dividend distribution. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

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

"Accountants' Report"	the accountants' report set out in Appendix I to this prospectus
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Application Form(s)" or "**GREEN** Application Form(s)"	the application form(s) to be completed by **HK eIPO White Form** Service Provider
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company, conditionally adopted on 18 September 2023 which will become effective upon the Listing, a summary of which is contained in Appendix III to this prospectus, as amended, supplemented or modified from time to time
"Board" or "Board of Directors"	the board of directors of our Company
"business day(s)"	any day(s) (excluding Saturday(s), Sunday(s) or public holiday(s) in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"BVI"	British Virgin Islands
"Canwest Profits"	Canwest Profits Limited, a BVI business company incorporated in the BVI with limited liability on 3 January 2017, which is wholly-owned by Mr. Ye
"Capital Market Intermediaries"	Quam Securities Limited, ABCI Capital Limited, ABCI Securities Company Limited, BOCOM International Securities Limited, China Galaxy International Securities (Hong Kong) Co., Limited, CMB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, CMBC Securities Company Limited, Eddid Securities and Futures Limited, Innovax Securities Limited, Valuable Capital Limited, Yue Xiu Securities Company Limited and Zhongtai International Securities Limited

"Capitalisation Issue"	the allotment and issue of 374,990,000 new Shares to be made upon capitalisation of certain sum standing to the credit of the share premium account of our Company referred to in "Statutory and General Information — 3. Written resolutions of our Shareholders passed on 18 September" in Appendix IV to this prospectus
"Cayman Companies Act" or "Companies Act"	the Companies Act (as revised) of the Cayman Islands, as amended, supplemented or modified from time to time
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"**CCASS EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your 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 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 Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant

"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, CCASS Custodian Participant or a CCASS Investor Participant
"CG Code"	the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules
"Chairman"	chairman of our Board
"Circular 37"	the Circular of the SAFE on Issues Concerning Foreign Exchange Administration Over the Overseas Investment and Financing and Round-Trip Investment by Domestic Residents via 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) promulgated by the SAFE on 4 July 2014 and effective from the same date
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or modified from time to time
"Companies (WUMP) Ordinance"	Companies (Winding-Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or modified from time to time
"Company", "the Company" or "our Company"	Maiyue Technology Limited (邁越科技股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 21 March 2019 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 7 July 2021
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of our Company for the purposes of this prospectus, means the controlling shareholders of our Company, namely, Mr. Li, Mr. Wang, Ms. Deng, Mr. Zhang and Deep Blue Ocean

"CSRC"	China Securities Regulatory Commission
"Digital Guangxi Tripartite Agreements"	tripartite agreements entered into among (i) our Group; (ii) Digital Guangxi; and (iii) respective suppliers, details of which are set out in "Business — Customers — Tripartite agreements — Digital Guangxi Tripartite Agreements"
"Deed of Indemnity"	the deed of indemnity dated 18 September 2023 entered into by our Controlling Shareholders in favour of our Company to provide certain indemnities, further details are set out in "Statutory and General Information — E. Other Information — 3. Tax and other Indemnities" in Appendix IV to this prospectus
"Deed of Non-competition"	the deed of non-competition undertaking dated 18 September 2023 entered into by our Controlling Shareholders in favour of our Company, further details are set out in "Relationship with our Controlling Shareholders"
"Deep Blue Ocean"	Deep Blue Ocean Electronics Technology Limited (深藍海電子科技股份有限公司), a BVI business company incorporated in the BVI with limited liability on 22 August 2018, which is owned as to 52%, 25%, 15% and 8% by Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang, respectively, and is one of our Controlling Shareholders
"Digital Guangxi"	Digital Guangxi Group Co. Ltd. (數字廣西集團有限公司), a state-owned company established in 2018 in the PRC, which principally engages in network technology development, and will be our connected person (as defined under the Listing Rules) upon Listing
"Director(s)" or "our Directors"	the director(s) of our Company
"EIT"	Enterprise Income Tax
"EIT Law"	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and the Regulations for the Implementation of the Law on Enterprise Income Tax (中華人民共和國企業所得稅法實施條例), as amended, supplemented or modified from time to time

"**electronic application instructions**"	instructions given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Hong Kong Offer Shares
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Hong Kong Government
"Fangchenggang City Investment Digital"	Fangchenggang City Investment Digital Technology Limited (防城港城投數字科技有限公司), a limited liability company established in the PRC on 25 November 2020, which is held as to 65% and 35% by Nanning Maiyue and Fangchenggang City Investment Development Group Limited (防城港市城市投資發展集團有限公司), respectively
"Frost & Sullivan"	Frost & Sullivan Limited, an industry research consultant and an independent third party
"F&S Report"	the industry report issued by Frost & Sullivan, details of which are set out in "Industry Overview"
"Global Offering"	the Hong Kong Public Offer and the International Placing
"Group", "our Group", "our", "we" or "us"	our Company and its subsidiaries or any of them at the relevant time, or where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guangxi Huahe"	Guangxi Huahe Digital Technology Company Limited (廣西華合數碼科技有限公司), a limited liability company established in the PRC on 21 August 2019 and a wholly-owned subsidiary of our Company
"Guangxi Qianyue"	Guangxi Qianyue Information Technology Company Limited (廣西千越信息科技有限公司), a limited liability company established in the PRC on 7 April 2022 held as to 19% and 81% by Nanning Maiyue and Guangxi Qianlong Education Technology Co., Ltd. (廣西千龍教育科技有限責任公司), an independent third party, respectively

"Guangxi Silunjie"	Guangxi Silunjie Information Technology Company Limited (廣西思倫捷信息科技有限公司), a limited liability company established in the PRC on 25 October 2017 and a wholly-owned subsidiary of our Company
"Guangxi Yuchang"	Guangxi Nanning Yuchang Kejiao Equipment Company Limited (廣西南寧市宇常科教設備有限公司), a limited liability company established in the PRC on 15 November 2010 and a wholly-owned subsidiary of our Company
"Hanyu Information"	Hanyu Information Technology Limited (瀚宇信息科技股份有限公司), a BVI business company incorporated in the BVI with limited liability on 4 February 2019 and a wholly-owned subsidiary of our Company
"**HK eIPO White Form**"	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 **HK eIPO White Form** Service Provider at **www.hkeipo.hk** or the **IPO App**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified on the designated website of **HK eIPO White Form** at **www.hkeipo.hk** or in the **IPO App**
"HKFRS"	Hong Kong Financial Reporting Standards issued by HKICPA
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Chenyang"	Hong Kong Chenyang Information Technology Limited (香港晨陽信息科技股份有限公司), a limited liability company incorporated in Hong Kong on 24 April 2019 and a wholly-owned subsidiary of our Company

"Hong Kong dollars" and "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Government"	the government of Hong Kong
"Hong Kong Offer Shares"	12,500,000 new Shares (subject to reallocation) being initially offered by our Company for subscription in the Hong Kong Public Offer
"Hong Kong Public Offer"	the issue and offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on and subject to the terms and conditions described in this prospectus and the **GREEN** Application Form, as further described in "Structure and Conditions of the Global Offering"
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offer, whose names are set out in "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 27 September 2023 and entered into between, among others, our Company, our Controlling Shareholders, the Sole Sponsor, the Sole Overall Coordinator and the Hong Kong Underwriters relating to the Hong Kong Public Offer
"independent third party(ies)"	individual(s) or company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any directors, chief executives and substantial shareholders of our Company or any of its subsidiaries and any of their respective associates

"International Placing"	the conditional placing of the International Placing Shares by the International Underwriters for and on behalf of our Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions under the International Underwriting Agreement, as further described in "Structure and Conditions of the Global Offering"
"International Placing Shares"	112,500,000 new Shares being initially offered by our Company for subscription under the International Placing, subject to reallocation and the exercise of the Over-allotment Option, as described in "Structure and Conditions of the Global Offering"
"International Underwriters"	the underwriters of the International Placing, who are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement expected to be entered into between, among others, our Company, our Controlling Shareholders, the Sole Sponsor, the Sole Overall Coordinator and the International Underwriters relating to the International Placing on or about the Price Determination Date, as further described in "Underwriting"
"**IPO App**"	the mobile application for **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"Joint Bookrunners"	Quam Securities Limited, ABCI Capital Limited, BOCOM International Securities Limited, China Galaxy International Securities (Hong Kong) Co., Limited, CMB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, CMBC Securities Company Limited, Eddid Securities and Futures Limited, Innovax Securities Limited, Valuable Capital Limited, Yue Xiu Securities Company Limited and Zhongtai International Securities Limited

"Joint Global Coordinators"	Quam Securities Limited, ABCI Capital Limited, BOCOM International Securities Limited, China Galaxy International Securities (Hong Kong) Co., Limited, CMB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited and Zhongtai International Securities Limited
"Joint Lead Managers"	Quam Securities Limited, ABCI Securities Company Limited, BOCOM International Securities Limited, China Galaxy International Securities (Hong Kong) Co., Limited, CMB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, CMBC Securities Company Limited, Eddid Securities and Futures Limited, Innovax Securities Limited, Valuable Capital Limited, Yue Xiu Securities Company Limited and Zhongtai International Securities Limited
"Latest Practicable Date"	18 September 2023, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Listing"	listing of our Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date expected to be on or about Wednesday, 11 October 2023, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or modified from time to time
"Main Board"	the stock market (excluding the options market) operated by the Stock Exchange, independent from and operated in parallel with GEM
"Marshall Islands"	the Republic of the Marshall Islands

"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company conditionally adopted on 18 September 2023 which will become effective upon the Listing, a summary of which is contained in Appendix III to this prospectus, as amended, supplemented or modified from time to time
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"Million Oak"	Million Oak Limited, a limited liability company incorporated in the Marshall Islands on 10 August 2018, which is wholly-owned by Mr. Chan
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Chan"	Mr. Chan Eong Liat Jason, one of our Pre-IPO Investors, further details of which are described in "History, Reorganisation and Corporate Structure — Pre-IPO Investments"
"Mr. Chua"	Mr. Chua Kim Leng, one of our Pre-IPO Investors, further details of which are described in "History, Reorganisation and Corporate Structure — Pre-IPO Investments"
"Mr. Hui"	Mr. Hui Chi Chung Nevin (許智聰), our executive Director
"Mr. Li"	Mr. Li Changqing (李常青), our executive Director, chief executive officer, Chairman and one of our Controlling Shareholders
"Mr. Wang"	Mr. Wang Yufei (王宇飛), our executive Director, deputy general manager and one of our Controlling Shareholders

"Mr. Ye"	Mr. Ye Shanmin (葉善敏), one of our Pre-IPO Investors and our former Director who resigned on 15 March 2022, further details of which are described in "History, Reorganisation and Corporate Structure — Pre-IPO Investments"
"Mr. Zhang"	Mr. Zhang Guangbai (張光柏), our executive Director, director of technology and one of our Controlling Shareholders
"Ms. Deng"	Ms. Deng Caidie (鄧彩蝶), our executive Director, deputy general manager and one of our Controlling Shareholders
"Nanning Maiyue"	Nanning Maiyue Software Company Limited (南寧市邁越軟件有限責任公司), a limited liability company established in the PRC on 13 March 2003 and a wholly-owned subsidiary of our Company
"NDRC"	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) of not more than HK$1.40 and expected to be not less than HK$1.05, such price to be determined by agreement between our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares, including the additional Shares that might be issued under any exercise of the Over-allotment Option

"Over-allotment Option"	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Sole Overall Coordinator (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 18,750,000 additional new Shares at the Offer Price representing 15% of the initial number of Offer Shares offered under the Global Offering, at the Offer Price to, among other things, cover the over-allotment (if any) in the International Placing, as described in "Structure and Conditions of the Global Offering"
"PBOC"	the People's Bank of China (中國人民銀行)
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Government" or "State"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities thereof or where the context requires, any of them
"PRC Legal Advisers"	Zhong Lun Law Firm, the legal advisers of our Company as to the laws of the PRC
"Pre-IPO Investments"	the investments made by the Pre-IPO Investors, and "Pre-IPO Investment" means any of such investments, further details of which are described in "History, Reorganisation and Corporate Structure — Pre-IPO Investments"
"Pre-IPO Investors"	Mr. Ye, Mr. Chan and Mr. Chua, and a "Pre-IPO Investor" means any of them, further details of which are described in "History, Reorganisation and Corporate Structure — Pre-IPO Investments"

"Price Determination Date"	the date expected to be on or around Wednesday, 4 October 2023, on which our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) determine the final Offer Price for the purpose of the Global Offering
"Quam Capital Limited"	Quam Capital Limited (formerly known as China Tonghai Capital Limited), a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
"Quam Securities Limited"	Quam Securities Limited (formerly known as China Tonghai Securities Limited), a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganisation of our Group in preparation for the Listing, details of which are set out in "History, Reorganisation and Corporate Structure — Reorganisation"
"RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of HK$0.01 each

"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 18 September 2023, a summary of principal terms of which is set out in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus
"Shareholder(s)"	holder(s) of the Share(s)
"Shuguang Maiyue"	Guangxi Shuguang Maiyue Technology Company Limited (廣西數廣邁越科技有限公司), a limited liability company established in the PRC on 10 October 2019, and a subsidiary of our Company which is held as to 51% and 49% by Guangxi Silunjie and Digital Guangxi, respectively since 21 April 2021
"Sole Overall Coordinator"	Quam Securities Limited
"Sole Sponsor"	Quam Capital Limited
"Stabilising Manager"	Quam Securities Limited
"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between Deep Blue Ocean and the Stabilising Manager on or about the same date as the International Underwriting Agreement
"Stock Exchange" or "HKEx" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or modified from time to time
"Track Record Period"	the financial years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023
"US$" or "USD"	United States dollar, the lawful currency of the United States

"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or modified from time to time
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"VAT"	value-added tax
"Wanjia Hongxin"	Wanjia Hongxin International Limited (萬嘉宏信國際有限公司), a limited liability company incorporated in Hong Kong on 8 August 2019 and a wholly-owned subsidiary of our Company
"%"	per cent

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

For ease of reference, the names of Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

This glossary of industry terms contains explanation of certain terms used in this prospectus as they relate to the industry in which our Group operates its business. These terms and their given meaning may not correspond to standard industry meaning or usage.

"AI" or "artificial intelligence"	intelligence demonstrated by machines, in contrast to the natural intelligence displayed by humans and other animals
"big data analytics"	the use of advanced analytic techniques against very large and diverse data sets, which greatly exceed the capabilities of traditional database software tools in terms of data collection and analysis, to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information that can help organisations make more informed business decisions
"CAGR"	compound annual growth rate
"cloud computing"	a model enabling ubiquitous, convenient, and on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, data storage, computing power, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction
"COVID-19"	the coronavirus disease (COVID-19)
"data centre"	a centralised repository, either physical or virtual, for the storage, management and dissemination of data and information
"GDP"	gross domestic product (all reference to GDP growth rates are to real as opposed to nominal rates of GDP growth)
"Greater Bay Area"	the Guangdong-Hong Kong-Macao Greater Bay Area, a geographical region in the PRC including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing, Hong Kong and the Macau Special Administrative Region for purposes of this prospectus

"Guangxi"	the Guangxi Zhuang Autonomous Region of the PRC
"hardware"	physical elements that constitute a computer system, such as central processing unit, monitor, mouse, keyboard and hard disk
"integrated IT solutions"	the integration of hardware, software and communication technologies to provide comprehensive solution to the customers
"Internet"	an interconnected system of networks that connects computers around the world and is publicly accessible. The Internet allows multimedia documents to be shared amongst computer users. Popular features of the Internet include, amongst other things, emails, blogs, discussion groups, on-line conversations, website portal and social media platforms
"IoT" or "internet-of-things"	a type of network that realises intelligent identification, positioning, tracking, monitoring and management of targeted objects achieved by exchange of information and communication between such targets and internet via intelligent terminal products under pre-determined protocol
"ISO"	International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"IT"	information technology
"IT services" or "IT solutions"	for the purposes of this prospectus, a set of IT products and/or services that are sold as a single package to customers
"IT infrastructure"	the composite IT systems, network, facilities and related equipment required to serve as the foundation for building an enterprise IT environment
"IT system"	for the purposes of this prospectus, an integrated set of hardware and software components for computing usage

"m^3"	cubic metre
"MWh"	megawatt-hour, a unit of measure for electricity generated, equivalent to 1,000 kilowatt-hours
"server"	a computer system that provides services to other computing systems over a computer network
"software"	any set of machine-readable instructions that directs a computer's processor to perform specific operations
"sq.m." or "m^2"	square metre
"ton", "tons", "tonne" or "tonnes"	a unit of measure for weight, equivalent to 1,000 kilogrammes
"tonnes CO_2e"	tonnes of carbon dioxide equivalent

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in "Summary", "Risk Factors", "Industry Overview", "Business", "Financial Information" and "Future Plans and Use of Proceeds". These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors", which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and operating plans;
- our capital expenditure and expansion plans;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- our ability to identify and successfully take advantage of new business development opportunities;
- our prospective financial information;
- the performance of global and the PRC financial markets, including changes in our ability to access the capital markets and changes in the level of interest rates; and
- the regulatory environment and industry outlook for the industry and markets in which we operate.

The words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "seek", "will", "would" and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future occurrence of such events. Actual outcomes may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- our ability to collect our receivables and recover the amount due from our customers for projects;
- our ability to sustain and achieve growth of existing businesses and expansion of operations through investments;

- our ability to attract and retain customers;
- our ability to integrate new businesses and create synergies;
- the effect of COVID-19 in the PRC, Hong Kong and other parts of the world;
- any changes in the laws, rules and regulations of the PRC relating to any aspect of our business or operations;
- general economic, market and business conditions in the PRC and Hong Kong, including sustainability of the economic growth in the PRC and Hong Kong;
- inflationary pressures or changes or volatility in interest rates, foreign exchange rates or other rates or prices;
- various business opportunities that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any 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 contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in "Risk Factors".

An investment in our Shares involves various risks. You should carefully consider all the information in this prospectus and, in particular, the risks and uncertainties described below before making an investment in our Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the trading price of our Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

There is no assurance that our customers will make payment to us on time and in full and we are therefore subject to credit risks.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, our gross trade receivables amounted to RMB133.5 million, RMB211.0 million, RMB217.1 million and RMB192.5 million, respectively, and the loss allowance of trade receivables according to our Group's policy amounted to RMB9.2 million, RMB10.2 million, RMB18.5 million and RMB25.1 million, respectively. Our average turnover days of trade receivables for the corresponding years/period were approximately 177 days, 295 days, 300 days and 2,543 days, respectively. See "Financial Information — Description of certain items of consolidated statements of financial position — Trade and other receivables" for further details. In particular, our major customers are primarily financed by government funds and therefore the typical settlement term for them are accustomed to a longer period during the Track Record Period. Should the credit worthiness of our customers deteriorate or should a significant number of our customers fail to settle their payments in full for any reason, we may incur impairment losses and our results of operations and financial condition could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers from their respective credit period, which in turn may also result in an impairment loss provision and affect our cash flows. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, we recorded impairment losses recognised for trade and other receivables and contract assets of RMB3.8 million, RMB0.8 million, RMB6.4 million and RMB6.5 million, respectively. There is no assurance that we will be able to fully recover our trade receivables from the customers or that they will settle our trade receivables in a timely manner. In the event that payments were not settled by our customers in a timely manner, our financial condition, profitability and cash flow may be adversely affected.

We may occasionally grant our customers longer payment periods which may bring us higher level of credit risks.

During the Track Record Period, a majority of our customers generally settled the payment within 360 days. However, having considered that (i) given our relatively limited scale of operation, in order to obtain some sizeable projects, we may have less bargaining power and thus have to compromise by offering more favourable terms; and (ii) we intend to establish long-term business relationship with education institutions, government authorities and IT services providers of strategic importance who are not financially distressed based on the communication with the customers by our project managers, we occasionally granted our customers longer payment periods, such as Customer X, which was allowed to pay by instalments over a period of four years after the user acceptance test has been passed. As at 30 April 2023, the outstanding trade receivables due from Customer X amounted to RMB93.5 million. For further details in relation to the receivables from Customer X, see "Financial Information — Description of certain items of consolidated statements of financial position — Trade and other receivables". There is no assurance that we will be able to fully recover our trade receivables from Customer X. Any default in payment from Customer X may result in write-down of the relevant trade receivables and thus negatively affect the profitability for the relevant year.

There is also no assurance that we will not grant longer payment periods to our customers. Any longer payment period granted shall expose us to a higher level of credit risks. In the event that payments were not settled by our customers in a timely manner, our financial condition, profitability and cash flow may be adversely affected.

Our business operations may be affected by seasonality.

During the Track Record Period, our customers were mainly education institutions and government authorities, which were primarily financed by government funds. These customers usually adopt a pre-approval management system and centralised procurement system. In general, for integrated IT solution services, the annual budget and procurement plan are formulated at the beginning of each year, and the design of the tendering scheme is carried out. The tendering process and project execution start from the second quarter and third quarter of the year, respectively, and user acceptance tests are generally carried out in the fourth quarter of the corresponding year. As a result, since a majority of our revenue derived from integrated IT solutions services is recognised upon the user acceptance tests are passed, a majority of our revenue derived from integrated IT solutions services is recognised during the fourth quarter of the year. For the years ended 31 December 2020, 2021 and 2022, 57.0%, 58.0% and 56.3% of our total revenue was recognised during the fourth quarter of the year, respectively. Accordingly, various aspects of our results of operations, including revenue, trade receivables, working capital and operating cashflow, are exposed to the seasonal fluctuations in demand for our services. There is also no assurance that project completion, acceptance and settlement will not be delayed, which may lead to an adverse impact on our financial performance and financial position.

Our revenue is mainly derived from projects which are non-recurring in nature and failure to secure tender contracts would affect our operations and financial results.

During the Track Record Period, a majority of our revenue was derived from contracts awarded through tendering that were non-recurring in nature. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from services obtained through tendering amounted to RMB125.2 million, RMB144.0 million, RMB178.0 million and RMB5.7 million, respectively, representing 60.5%, 71.4%, 73.2% and 65.8% of our total revenue, respectively for the corresponding years/period. Whether we will succeed in our tender process depends on a number of factors, such as, our track record, financial condition, qualifications and the tender price we submitted. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our overall tender success rate was 77.2%, 77.9%, 79.1% and 75.0%, respectively. There is no assurance that we will continue to meet our customers' tendering requirements, or that we will succeed in tendering for new projects with terms and conditions comparable to our existing contracts. In the event that we fail to secure new contracts or maintain comparable tender success rates in the future, our business, results of operations and financial condition may be materially and adversely affected.

During the tendering process, we may also have to lower our tender prices or offer more favourable terms to our customers in order to increase the competitiveness of our tenders. If we are unable to reduce our costs accordingly, our results of operations and financial condition may be adversely affected.

We may not be able to keep pace with the rapid changes in market demands or technological advancements.

In order to respond to changes in the IT industry and education industry and maintain our competitiveness, we devote effort and resources to the research and development of innovative software products and technologies involved in our integrated IT solutions services, which are subject to continuous evolution and upgrade. There is no assurance that our research and development efforts will be successful or that the software products or technologies developed by us will be well accepted by the market or achieve commercial success. If we are unable to develop innovative software products or technologies that meet the needs and preferences of our customers in a timely manner, or if our competitors have developed more advanced software products and technologies, our business, results of operations and financial condition may be materially and adversely affected.

Changes in government policies and/or government funds would affect the demand of our services and products and create uncertainty as to our future revenue streams.

We provide integrated IT solutions services in the education and government sectors, and we generate most of our revenue from the development and sale of such services. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from services provided to customers in the education sector accounted for 82.8%, 57.2%, 81.3% and 83.8% of our total revenue, respectively; and our revenue generated from services provided to customers in the government sector accounted for 11.5%, 31.6%, 3.7% and 2.4% of our total revenue, respectively for the corresponding years/period. Our major customers are primarily financed by government funds. The IT solutions market, in particular, the education IT solutions market and the government IT solutions market in the PRC, are experiencing rapid developments, driven by, among others, strong policy support and increasing public expenditure. There is no assurance that the relevant government policies would not change or the market will grow at a speed we expect or our integrated IT solutions services can gain wide acceptance in the evolving markets. Our business prospect will be heavily impacted by the level of future public expenditure. If there are any changes in government policies, or the IT solutions market fails to grow as expected, or we are unable to maintain or increase our market share, our business, results of operations and financial condition may be materially and adversely affected.

We may encounter cost overruns or delays in our integrated IT solutions projects.

In providing integrated IT solutions services to our customers, we are normally required to complete projects at a fixed price. Some of our projects are also subject to specific completion schedules. Failure to meet the project schedules may result in claims for liquidated damages against us, and disputes with our customers or even termination of relevant contracts. Therefore, time and cost management is essential in ensuring that a project meets its budgeted profit margin. In this connection, we need to estimate the implementation time and cost needed in advance to determine our tender prices or project quotations. There may be various factors affecting the actual time taken and cost incurred by us in completing the projects, including, among others, integration with third party suppliers' products, technical difficulties, and other unforeseeable problems and circumstances which may lead to delay in project completion or cost overruns. There is no assurance that the actual time taken and cost incurred would not exceed our budget, which may materially and adversely affect our business, results of operations and financial condition.

We recorded net losses for the four months ended 30 April 2022 and 2023.

We recorded net losses of RMB19.7 million and RMB16.9 million for the four months ended 30 April 2022 and 2023, respectively, which was primarily due to seasonality effect. In particular, the decrease in net loss for the four months ended 30 April 2023 as compared with the corresponding period in 2022 was mainly due to the decrease in research and development expenses and administrative expenses. Our future profitability will be dependent upon several factors, including the competitive landscape, customer preference and macroeconomic and regulatory environment. Therefore, there is no assurance that our revenues will offset our expenses, and we may continue to incur losses in the future.

Mismanagement of our working capital or failure to obtain adequate funding may interrupt our business operation and adversely affect our expansion plans.

We are usually required to pay a substantial amount of cash upfront throughout the execution of projects, such as the procurement costs of hardware, equipment and software, service costs for IT and supporting services and staff costs, whereas our customers would only make payments after project completion and acceptance. The duration of our integrated IT solutions projects may range from approximately one to three months, depending on the project specifications. Therefore, there may be periods during which we may experience net cash outflows for a particular project as well as on an overall basis.

During the Track Record Period, we utilised cash generated from our operations and borrowings to finance such costs. However, there is no assurance that we will be able to match the timing and amounts of our cash inflows with that of our payment obligations and other cash outflows. There is also no assurance that we will be able to generate sufficient cash inflows from our business operations to meet our payment obligations. If we are unable to make scheduled payments and honour other fixed payment obligations as they become due, we may need to re-negotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. There is no assurance that our re-negotiation efforts will be successful or in a timely manner or that we will be able to obtain additional financing on commercially acceptable terms or at all. If we fail to effectively manage our working capital, our ability to meet our payment obligations may be impaired, and our business, liquidity and financial condition may be adversely affected. In addition, the execution of our projects and our development plans require significant capital. Our inability to obtain additional capital on favourable terms may result in project delays, curtail the expansion of our business, or force us to forego project opportunities, which may materially and adversely affect our business, results of operations and financial condition.

We may not be able to recover or utilise our contract assets and other deposits, prepayments and receivables.

During the Track Record Period, we recorded certain contract assets and other deposits, prepayments and receivables. Our contract assets consisted of retention money and rights to consideration for work completed but not yet reached the billing milestones which amounted to RMB7.4 million, RMB7.9 million and RMB22.6 million and RMB19.3 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively, while our other deposits, prepayments and receivables, which included prepayment to suppliers, prepaid Listing expenses, refund receivable from suppliers, advance to staff, retention money and performance bond, deposits and tender deposit, amounted to RMB12.8 million, RMB34.2 million, RMB56.6 million and RMB83.5 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. There is no assurance that we can fully recover or utilise such contract assets and other deposits, prepayments and receivables. Any failure to recover or utilise, in full or in part, may result in an impairment loss provision and our financial condition, profitability and cash flow may be adversely affected.

We recorded net operating cash outflows for the four months ended 30 April 2022 and 30 April 2023.

For the four months ended 30 April 2022 and 2023, we had net cash used in operating activities of RMB24.4 million and RMB31.6 million, respectively, which was primarily due to our loss before taxation, settlement of our trade payables and increase in inventories for our ongoing projects which have not reached the stage of user acceptance test.

Regardless of the performance from our operating activities and investing activities, we may experience periods of net cash outflow from operating activities in the future. If we are unable to obtain sufficient funds to finance our business operation, our liquidity and financial condition may be materially and adversely affected. There is no assurance that we will have sufficient cash from other sources to fund our operations or expansion. If we resort to other financing activities to generate additional cash, we will incur additional financing costs, and we cannot guarantee that we will be able to obtain the required financing on terms acceptable to us, or at all.

Our high level of gearing ratio may materially and adversely affect our business and financial condition.

Our bank and other loans amounted to RMB86.1 million, RMB120.2 million, RMB157.9 million and RMB136.8 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. Our gearing ratio was at 114.2%, 92.4%, 88.3% and 84.4% as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. Our high level of gearing ratio may (i) adversely affect our financial credibility and financial condition and limit our future ability to obtain further financing from banks or financial institutions; (ii) require us to allocate a higher portion of our cash flow from operation to the repayment of the aforesaid indebtedness and finance costs, which may reduce our cash flow from operation to fund our working capital and capital expenditure; (iii) increase our exposure to inherent risk of higher interest rate and finance costs; (iv) reduce our flexibility in planning for or responding to change in our business opportunities; and (v) increase our vulnerability to adverse overall industry environment. Should we fail to obtain further financing or if we are required to accelerate the repayment of the loans for existing bank loans and finance leases, our business, financial condition and results of operations may be materially and adversely affected.

The carrying amount of our intangible assets is subject to potential impairment.

Our intangible assets, which mainly include capitalised development costs, amounted to RMB6.3 million, RMB8.6 million, RMB10.8 million and RMB12.0 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. The capitalised development costs refer to the expenditure incurred in projects to develop software for customers. Intangible assets are reviewed and tested for impairment in accordance with the relevant accounting standards. An impairment loss is recognised in profit or loss if the carrying amount of the intangible asset exceeds its recoverable amount. There is no assurance that we will not incur impairment losses on our intangible assets. Any significant impairment losses could materially and adversely affect our profitability and result in net liabilities.

We are uncertain about the recoverability of our deferred tax assets.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, our deferred tax assets amounted to RMB2.1 million, RMB3.1 million, RMB3.7 million and RMB6.7 million, respectively, which represented credit loss allowances, deferred government grants, right-of-use assets and lease liabilities, unrealised profits arising from intra-group transactions and cumulative tax losses. 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. There is no assurance that we can recover or predict the movement of our deferred tax assets, and to what extent they may affect our financial position in the future.

We may experience disruptions or failures on our IT system which could damage our reputation.

We are dependent on the stable operation of our IT system for the provision of our integrated IT solutions services, in particular, our software product development and design, customer communications, and the remote maintenance and support services provided to our customers. Our business success hence relies on the uninterrupted and secured operation of our IT system. Any outage, data loss or other disruption occurring to our IT system would cause damage to our reputation and expose us to liability to third parties.

We are susceptible to computer viruses, system breakdowns, power loss or telecommunications failure as a result of hardware and/or software deterioration. In addition, our infrastructure may be subject to distributed denial of service attacks, or other hacking and phishing attacks on our system or online platforms in the future and there is no assurance that any applicable recovery system, security protocol, network protection mechanisms or other defence procedures are or will be adequate to prevent such network or service interruptions, system failures or data losses. Our infrastructure may also be breached if any vulnerabilities therein are exploited by unauthorised third parties. If we fail to repair or maintain our IT system in a timely manner, our business may be temporarily disrupted, which could have a material adverse impact on our reputation and results of operations.

Our Group may be liable for any defects in our projects. If we fail to meet specified technical standards or industry requirements, we may have to incur additional costs to remedy the defects and compensate our customers.

We generally provide a warranty period to our customers for any major quality defects and our contracts may also require us to commit to certain technical standards and industry requirements. During the Track Record Period, we generally granted to our customers a warranty period ranging from 12 months to 60 months. However, the integrated IT solutions services provided by us involve a variety of hardware and/or software supplied by our suppliers, and the quality of those hardware and/or software is not under our control. There may be design or manufacturing defects that could cause malfunctions in the hardware we provided to our customers in connection with our solutions. Similarly, the software we provided to our customers may have programming defects or errors that may impair our customers' use. The hardware and software we source from our suppliers or our self-developed products and our customers' existing IT infrastructure may also involve compatibility issues.

There is no assurance that all defects and issues would be detected and resolved to meet our customers' required standards. If we fail to adhere to the standards and industry requirements set out in the contracts or if any aspects of the projects completed by us are found to be defective during the warranty period, we would be responsible for providing or, during the warranty period offered by our suppliers, procuring our suppliers to provide hardware and equipment repairs, maintenance, and software updates and supports free of charge. Consequently, the costs borne by us might increase thereby reducing the profitability of the relevant project, which in turn may materially and adversely affect our business, results of operations, financial condition and future prospects.

Failure to retain our qualification for the integration of the confidential information systems could materially affect our business operation and financial performance.

During the Track Record Period, we had two integrated IT solutions projects with contract value of RMB36.0 million which depended on the qualification for the integration of the confidential information systems (涉密信息系統集成資質證書) held by Nanning Maiyue. As advised by our PRC Legal Advisers, since it is expected that the proportion of foreign investors and/or their acting in concert parties will indirectly hold more than 20% of the equity interest of Nanning Maiyue after the Listing and Nanning Maiyue would no longer be able to possess or renew the license after the Listing, we made an application to the relevant authority for cancellation of the licence. Formal approval from the relevant authority was obtained on 30 March 2023 and the licence was subsequently being cancelled. There is no assurance that we will be able to seek for alternative projects which do not require the license in a timely manner or at all. Should we fail to do so, this will adversely affect our business, results of operations as well as damage our competitiveness and reputation in the IT solutions market.

The success of our business depends on the dedicated efforts of key members of our technical team, sales and marketing team and management team, any loss of their services may impair our ability to manage our business and adversely affect our results of operations.

The success of our Group to date has largely been attributable to the contributions, commitment, leadership and experience of our management team and key personnel, in particular their familiarity with our business operations and their experience and expertise in the IT industry. Mr. Li, our executive Director, chief executive officer and Chairman, has over 20 years of experience in the IT industry. Our executive Directors, Ms. Deng and Mr. Zhang also possess over 15 and ten years of experience in the IT industry, respectively, while Mr. Wang has over 15 years of experience in sales and corporate management in the IT industry. If we lose our key management personnel without a suitable and timely replacement or if we lose them to our competitors, our competitiveness, business performance, results of operations as well as business prospects may be materially and adversely affected.

In addition, our future growth and our ability to implement our business strategies depend on, among other factors, the successful recruitment and retention of additional skilled and experienced management and other personnel. We cannot assure you that we will be able to hire or retain such employees and the failure to do so may materially and adversely affect our business, results of operations and financial condition.

There is no assurance that our enjoyment of the preferential income tax rates will be continued.

During the Track Record Period, Nanning Maiyue was entitled to a preferential income tax rate of 15% attached to its status as a High and New Technology Enterprise and an enterprise engaged in one of the national encouraged industries located in the PRC western region and, whilst Guangxi Silunjie was also entitled to preferential income tax rates of 9% (from 2019 to 2021) and 15% (since 2022) through its engagement in national encouraged industries in the PRC western region and national autonomous areas. See Note 7 in the Accountants' Report as set out in Appendix I to this prospectus for further details. The Corporate Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**PRC Corporate Income Tax Law**") allows enterprises to apply for certificate of High and New Technology Enterprise which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria. Nanning Maiyue was qualified as a High and New Technology Enterprise in 2016 and the qualification was renewed in 2019 and 2022 and the validity period was extended to 2024. On the other hand, (i) according to the announcement [2020] No. 23 from the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, enterprise which is located in the PRC western region and engaged in the national encouraged industries could apply to enjoy the preferential income tax rate of 15% before 31 December 2030; and (ii) the PRC Corporate Income Tax Law and its related regulations also allow enterprise established after 1 January 2008 and located in the national autonomous areas to apply for reduction of the corporate income tax by 40%. Accordingly, Nanning Maiyue, as a High and New Technology Enterprise and being engaged in one of the national encouraged industries, is entitled to a preferential income tax rate of 15% until 31 December 2030, subject to its renewal of being a High and New Technology Enterprise, while Guangxi Silunjie, being an enterprise engaged in one of the national encouraged industries and established after 1 January 2008, is entitled to preferential income tax rates of 9% until 31 December 2021 and 15% since 1 January 2022. Therefore, we cannot assure you that Nanning Maiyue and Guangxi Silunjie will always be able to enjoy the aforementioned preferential tax rates. Loss of such enjoyment of the preferential tax rates may materially and adversely affect our operations and financial results.

If government grants that we are currently entitled to are not available or substantially reduced, our financial condition could be adversely affected.

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our government grants amounted to RMB5.0 million, RMB4.9 million, RMB2.6 million and RMB1.1 million. The government grants include value-added tax refunds and non-recurring subsidies in relation to development of technological innovation. The conditions of applying and obtaining these grants include, among others, the recognition of High and New Technology Enterprises, registration certificate of software, requirement on annual revenue and proportion of research and development expenses. Therefore, such government grants may be discretionary and are subject to certain selection criteria and procedures stipulated by the local governments, which we may not be qualified for in the future. There is no assurance that we will be able to receive any such government grants in the future, or at all. If we do not receive government grants, our financial condition for such periods may be adversely affected.

We may not be able to adequately protect our intellectual property rights and may be exposed to third-party claims of infringement or misappropriation of intellectual property rights.

As at the Latest Practicable Date, we were the registered owner of (i) 34 trademarks in the PRC and Hong Kong; (ii) 14 patents in the PRC; (iii) one domain name; and (iv) 84 software copyrights in the PRC, which are material to our business. See "Statutory and General Information — B. Further Information About Our Business — 2. Intellectual Property Rights" in Appendix IV to this prospectus for further details of our intellectual property rights. We cannot assure you that the steps we have taken to protect and safeguard our intellectual property rights are adequate or that our intellectual property rights will not be infringed by any third party in the future. We may resort to legal proceedings in order to protect and enforce our intellectual property rights, which may be costly and could have adverse impact on our business, results of operations and financial condition.

In addition, there is no assurance that our business operations do not or will not inadvertently infringe the copyright or other intellectual property rights of third parties or become a party to such dispute. The exact determination of the scope of copyright or other intellectual property rights can be complex and costly. In the event that we have infringed the intellectual property rights of third parties, they may initiate litigation or other proceedings against us for the alleged infringement. Intellectual property disputes may last for a significant period of time and require considerable personnel and financial resources. If the outcome of such a legal dispute is adverse to us, we could be ordered to pay substantial licence fees, royalties and/or damages. Any infringement of third party copyrights or other intellectual property rights or any lawsuits relating thereto could have a material adverse effect on our business, results of operations, financial condition and reputation.

Failure to protect customer information and data may adversely affect our reputation, results of operations and business prospects.

We may handle sensitive and personal information relating to our customers throughout our provision of services. Confidential information we collect and maintain may be compromised as a result of security breaches, attacks on our systems by third parties, system errors, human errors, or computer viruses affecting our IT system or online platforms.

In addition, we are required to collect, use and secure the personal data in accordance with PRC personal data protection laws and not to collect, use or disclose such information without consent from the users. If we fail to comply with relevant laws and regulations, we may be subject to potential penalties or legal proceedings. We cannot assure you that our measures for data protection will be successful and sufficient to counter all current and emerging technology threats to the security of our information technology system and online platforms. Concerns about our collection, security or use of personal data or other privacy-related matters, even if ungrounded, could also materially and adversely affect our reputation, results of operations and business prospects.

Furthermore, we may be subject to more stringent data and privacy-related requirements in the future. Implementation of additional internal measures to comply with such enhanced compliance requirements may increase our costs and adversely affect our business operations and results of operations.

Our employees or workers may engage in bribery, corrupt practices or other improper conduct.

During the Track Record Period, we obtained, and expect to continue to obtain, some projects which are financed by public funds in the PRC. As advised by our PRC Legal Advisers, we are therefore subject to anti-corruption measures provided in the related laws and regulations in the PRC. In addition, the State Council and various PRC government authorities have, in recent years, intensified and stepped up their efforts to combat bribery, corrupt practices and other improper conduct in the PRC. As such, we are subject to risks in relation to actions taken by our Directors or employees if they engage in bribery, corrupt practices or other misconduct. There is no assurance that our internal control measures and corporate governance system will prevent or detect any improper or illegal act by our Directors or employees on a timely basis or at all. Our failure to effectively supervise and monitor our employees, or to comply with the anti-bribery, anti-corruption and other related laws and regulations in the PRC, may subject us to financial losses and may materially and adversely affect our reputation, results of operations and future prospects.

We may be subject to fines and penalties as a result of our non-compliance incident during the Track Record Period.

During the Track Record Period, we failed to make social insurance and housing provident fund contributions in full in the PRC. See "Business — Legal Proceedings and Non-compliance Incident — Non-Compliance Incident" for further details.

There is no assurance that we will not be subject to late payments, fines or penalties imposed by the relevant PRC government authorities as a result of the non-compliance incident, requested by the relevant PRC government authorities to pay the unpaid social insurance payments or housing provident fund contributions, or any order to rectify such non-compliance incident. In particular, according to the relevant PRC laws and regulations, the social insurance authority may order us to pay the overdue fine equivalent to 0.05% of the outstanding amount within a specified time limit. We may also be required to pay off any shortfall of housing provident fund contributions by a stipulated deadline, and if we fail to do so, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. In addition, we may incur additional costs to comply with the relevant laws and regulations imposed by the relevant PRC government authorities. There is also no assurance that there will be no employee complaint against us in relation to our failure to make full social insurance and housing provident fund contributions in the PRC. Any such events may harm our corporate image and may have an adverse effect on our results of operations and financial condition.

Risks associated with the operation of our business may not be sufficiently covered by insurance.

Certain risks associated with the operation of our business could not be covered fully by insurance as such insurance is either not available or not available on commercially reasonable terms. See "Business — Insurance" for further information on our insurance coverage. Furthermore, our reputation may be damaged or we may be exposed to liability in excess of our insurance coverage or suffer loss depending on the severity and frequency of various events, such as accidents and business interruption, labour disputes, and acts of God. We cannot assure you that the loss arising from these or any other events would be sufficiently covered by insurance or that we will be able to renew existing insurance cover on commercially reasonable terms, if at all. We may be liable for financial obligations relating to impacted people or property if an incident occurs in relation to which we have inadequate insurance cover or have no insurance cover. Any payment we make to cover any loss, damage, or liability could have a material adverse effect on our business, results of operations and financial condition. If we fail to make such payment, our assets could be subject to attachment, confiscation, or restraint under various judicial procedures. Our business, results of operations, and financial condition could be adversely and materially affected by any of these occurrences.

Successful implementation of our business strategies and future plans are subject to uncertainties.

We plan to achieve our business growth by implementing a series of strategies. See "Business — Our Business Strategies" and "Future Plans and Use of Proceeds" for further details. There is no assurance that we will be able to implement any of our business strategies and future plans successfully, which in turn are subject to uncertainties and changing market, economic and political conditions. Our plans for development and business expansion are formulated based on assumptions on the occurrence of certain future events, which may or may not materialise. The success of our potential investments will also depend on our ability to identify suitable targets, our ability to reach agreements with them on commercially reasonable terms and the availability of financing to complete the investments, as well as our ability to obtain any required shareholder or government approvals. We may also not have timely access to adequate capital financing when suitable business opportunities arise. Furthermore, there is no assurance that any of our business strategies will yield the benefits or achieve the level of profitability we anticipate. The profit from the implementation of our business strategies may not be sufficient to justify the start-up expenses and the increased operating costs.

Increasing depreciation expenses from additional capital expenditure on our property, plant and equipment may affect our financial performance.

We intend to expand our operations by setting up our third research and development centre in Shenzhen, upgrading our existing research and development centres and upgrading our own IT infrastructure. See "Business — Our Business Strategies" and "Future Plans and Use of Proceeds" for further details. It is estimated that there would be an increase in depreciation expense of RMB1.2 million per annum for two years after the establishment of the new research and development centre in Shenzhen. While the depreciation expenses in respect of the acquisition of additional hardware, software, equipment and accessories would increase, there is no assurance that our revenue or gross profit would increase accordingly and may therefore adversely affect our future results of operations and financial expense performance.

There is no assurance that the development of business park will be implemented as expected.

During the Track Record Period, we had invested in the development of a business park with a focus on the development of big data analytic technology. The costs which has been paid by us was mainly considered in determining our respective equity interests owned in Guangxi Qianyue. See "Business — Properties — Business park development" for further details. There is no assurance that the business park could be developed as planned. In particular, there is no assurance that our business partners would fulfil their obligation under the agreements, which may incur us loss on our investment.

The investment in Guangxi Qianyue designated at fair value through other comprehensive income is exposed to the risks of valuation change and valuation uncertainties due to the use of unobservable inputs, which may affect our financial performance.

We designated the investment in Guangxi Qianyue at equity securities designated at fair value through other comprehensive income ("**FVOCI**"), which amounted to RMB40.0 million. We determined the fair value by using the adjusted net assets value method, with unobservable input of net assets value of the underlying assets. Therefore, the FVOCI is subject to change in fair value and risks to valuation uncertainties due to the application of significant unobservable inputs such as net assets value of the underlying assets. Any change in those assumptions and estimates will affect the valuation. Any adverse performance of Guangxi Qianyue, such as the business park is not operated as planned, may also affect the valuation of the FVOCI which represents our investment in Guangxi Qianyue.

The outbreak of contagious disease or epidemic such as, COVID-19, or a general apprehension of such events may significantly and adversely impact on our business and operating results.

Similar to many other businesses, our operations could be adversely affected or disrupted by terrorist attack, natural disasters such as earthquake, flood, fire, typhoons or other natural disaster, outbreak of contagious diseases or other events including but not limited to (i) invasion, act of foreign enemies, rebellion, revolution, insurrection, military or usurped power, war and radio-active contamination; (ii) riot or commotion; (iii) denial of the use of any railway, port, airport, shipping service or other means of public transport; and (iv) strike or lock-out or other industrial action by workers or employers.

For instance, the outbreak of COVID-19 in late 2019, or other disease or epidemic such as Severe Acute Respiratory Syndrome (SARS), Ebola virus disease, Middle East Respiratory Syndrome Coronavirus (MERS), H1N1 influenza, H7N9 influenza or swine influenza in the PRC, or a general apprehension of such outbreaks might have short term impact on the education IT solutions market. Recurrence of any contagious or infectious disease or epidemic or a general apprehension of such outbreaks in the PRC may cause disruption of economic activities and our customers' business operations, thereby reducing demand for our services, and in turn may materially and adversely affect our business, results of operations and financial condition. We may also encounter interruption in the supply of hardware, equipment or software from our suppliers or may be required to suspend our business operations temporarily, as a result of any outbreak of contagious disease or epidemic. Any natural disasters, war, acts of terrorism or other instability in the PRC or other parts of the world could also result in disruption to our business or the businesses of our customers.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

We are subject to the political, economic and social development as well as laws, rules and regulations in the PRC.

All of our businesses and revenue are located in or derived from our operations in the PRC, and as a result, our business, results of operations and financial condition are subject to the economic, political, social and regulatory environment in the PRC.

In particular, our performance has been and will continue to be affected by the PRC's economy. The PRC's economic growth is also influenced by global economic conditions, such as the outbreak of COVID-19. Any unfavourable political, economic or social development in the PRC, or unfavourable change in the PRC's laws, regulations, rules and licensing requirements, may adversely affect our business, results of operations and financial condition. We are unable to accurately predict the precise nature of all the risks and uncertainties that we face as the current economic, political, social and regulatory conditions and many of the associated risks are beyond our control.

Changes to the PRC legal system could have an adverse effect on us.

Our business operations in the PRC are governed by the legal system of the PRC. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. The PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, finance, foreign exchange and trade with a view to develop a comprehensive system of commercial law. However, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retrospective effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Any litigation in the PRC may also be protracted, resulting in substantial costs being incurred and the diversion of resources and management's attention. In addition, the legal system in the PRC is under the process of development and laws and regulations are subject to amendment from time to time, and we cannot predict the effect of future developments in the PRC legal system. The materialisation of all or any of these changes could have an adverse effect on our business, results of operations and financial condition.

Policies regarding currency conversion may affect our ability to utilise our cash effectively, which may adversely affect the value of your investment.

The PRC Government imposes policies regarding the conversion of the RMB into foreign currencies and, in certain cases, the remittance of foreign currency out of the PRC. We receive our revenue in RMB, and the conversion of which into any foreign currency has to comply with the relevant laws and regulations. As our Company is a Cayman Islands holding company, we may, to a certain extent, rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividend, or otherwise satisfy foreign currency denominated obligations.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditure from the trade-related transactions, can be made in foreign currencies without the prior approval from the SAFE, by complying with certain procedural requirements. However, payments under the capital account items, including capital transfers, direct investment, securities investment, and the repayment of the principal amount of the borrowings, are subject to significant foreign exchange policies and require the prior approval from the SAFE or the registration with the SAFE or the banks. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay certain of our expenses as they come due.

It may be difficult to enforce any judgements obtained from non-PRC courts against our Company or our Directors or senior management residing in the PRC.

Most of our executive Directors and senior management reside in the PRC. As a result, it may be difficult, complicated and time-consuming for investors to effect service process upon those persons residing in the PRC. While final judgements for civil and commercial cases and arbitral awards obtained in a recognised Hong Kong court or Hong Kong arbitral tribunal, provided that certain conditions are satisfied, may be enforced in the PRC, there are uncertainties as to the outcome of any applications to recognise and enforce such judgements and arbitral awards in the PRC. In addition, judgements of a court of any other jurisdiction related to any matter not subject to a binding arbitration provision may be difficult or impossible to enforce.

Our results of operations may be materially and adversely affected by tax reforms in the PRC.

According to the "Notice of the MOF and the SAT on the Adjustment of VAT rates" (《財政部、稅務總局關於調整增值稅稅率的通知》) that took effect on 1 May 2018, for taxpayers engaged in taxable sales of VAT or imported goods, the original tax rates of 17% and 11% were adjusted to 16% and 10%, and further adjusted to 13% and 9%, respectively, in accordance with the "Announcement of the MOF, the SAT and the General Administration of Customs on Deepening the Value-Added Tax Reform" (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) that took effect on 1 April 2019. Furthermore, according to the "Interim Provisions on Levying Educational Surcharges" (《徵收教育費附加的暫行規定》) which was last revised on 8 January 2011, and the Interim Provisions of the People's Republic of China on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅暫行條例》) which was last revised on 8 January 2011 and the "Notice of the SAT on the Collection of Urban Maintenance and Construction Tax" (《國家稅務總局關於城市維護建設稅徵收問題的通知》) that came into effect on 12 March 1994, all entities and individuals that pay consumption tax, value-added tax and business tax shall pay (i) educational surcharges at the rate of 3%; and (ii) urban maintenance and construction tax at the rates of 7%, 5% and 1% for taxpayers located in the urban areas, counties or towns, and other areas, respectively.

There is no assurance that the PRC government authorities will not impose a higher tax rate that is applicable to the education IT solutions market or the IT industry in the future. Any tax reform introduced by the PRC government authorities may increase our tax burden and have a material adverse impact on our results of operations and financial condition.

RISKS RELATING TO THE GLOBAL OFFERING

The trading price for 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, the PRC, the United States and elsewhere in the world. In particular, the trading price performance and fluctuation of the market prices of other companies that have similar business operations with us and have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. Recently, a number of companies have listed their securities, or 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 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.

There is no prior public market for our Shares in Hong Kong and an active trading market may not develop or be sustained after the Listing and market price and trading volume of our Shares may fluctuate significantly.

Prior to the Global Offering, there has been no public market for our Shares in Hong Kong. The indicative Offer Price range was determined as a result of negotiations between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company. The Offer Price may differ significantly from the market price of our Shares following the Global Offering. We have applied for the listing of, and permission to deal in, our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop or, if it does, that it will sustain or that the market price of our Shares will not decline significantly following the Global Offering. Furthermore, the liquidity, the market price and trading volume of our Shares may be volatile, which may be subject to a number of factors beyond our control.

Moreover, stock markets and the shares of other similar companies listed on the Stock Exchange have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of such companies. These broad market fluctuations may also materially and adversely affect the market price of our Shares.

Investors for our Offer Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

If you purchase our Shares in the Global Offering, you will pay more for your Shares than our net book value on a per Share basis. As a result, investors of our Shares in the Global Offering will experience an immediate dilution and the existing Shareholders will receive an increase in the net tangible asset value per Share of their Shares. In addition, holders of our Shares may experience a further dilution of their interest if the Sole Overall Coordinator (on behalf of the International Underwriters), exercises the Over-allotment Option or if we obtain additional capital in the future through equity offerings.

Any disposal by our Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of our Shares.

There is no assurance that our Controlling Shareholders will not dispose of their Shares following the expiration of the respective lock-up periods after the Listing. We cannot predict the effect, if any, of any future disposal of our Shares by any of our Controlling Shareholders, or that the availability of our Shares for disposal by any of our Controlling Shareholders may have on the market price of our Shares. Disposal of a substantial number of Shares by any of our Controlling Shareholders or the market perception that any such disposal may occur could materially and adversely affect the prevailing market price of our Shares.

The interests of our Controlling Shareholders may not always coincide with the interests of our Group and those of our other Shareholders.

Upon completion of the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will own, in aggregate, 61.2% of our Shares. Our Controlling Shareholders will therefore have significant influence over the operations and business strategies of our Group, and may have the ability to require our Group to effect corporate actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our Group's business to pursue strategic objectives that conflict with the interests of other Shareholders, the interests of our Group or of those other Shareholders may be adversely affected as a result.

You may face difficulties in protecting your interests under Cayman Islands law.

Our corporate affairs are governed by, among other things, our Memorandum of Association and Articles of Association and by the Cayman Companies Act and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of interests of minority shareholders, in some respects, differ from those established under statutes or judicial precedent in existence in Hong Kong. The rights of Shareholders to take action against our Directors, the rights of minority shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. A summary of Cayman Companies Act is set out in Appendix III to this prospectus.

Prospective investors should read this prospectus in detail and should not place undue reliance on industry-related information and statistics derived from official government publications contained in this prospectus.

Certain statistics, facts, data and forecasts presented in "Industry Overview" and elsewhere in this prospectus including those related to the economy and education IT solutions market in the PRC have been derived, in part, from various publications and industry-related sources prepared by government officials or independent third parties. Our Company, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering have not verified such statistics, facts, data and forecasts and give no representation as to their accuracy and completeness. As such, potential investors should not place undue reliance on such information.

We do not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any of the information in the media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any of the information in press articles or other media coverage.

In preparation of the Global Offering, our Company has sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong.

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and most of our executive Directors ordinarily reside outside Hong Kong, our Directors consider that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Our Company does not have, and does not contemplate in the foreseeable future that, we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed Mr. Li, our executive Director, chief executive officer and Chairman, and Mr. Hui, our executive Director, as authorised representatives of our Company, to be the principal channel of communication with the Stock Exchange. Each of them has confirmed that he can be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter on short notice. As and when the Stock Exchange wishes to contact the Directors on any matter, each of the authorised representatives will have means to contact all of the Directors at all times. Our Company will also inform the Stock Exchange promptly in respect of any change in the authorised representatives;

(b) in addition to the appointment of the authorised representatives, to facilitate communication with the Stock Exchange, the contact details of each Director, including his or her mobile number, office number, facsimile number and e-mail address (where available) have been provided to the Stock Exchange and each of the authorised representatives, our company secretary and the Compliance Adviser (as defined below) who have means to contact all Directors at all times as and when the Stock Exchange wishes to contact the Directors on any matters. In the event that a Director expects to travel and be out of office, he or she will provide the phone number of the place of his or her accommodation or other contact details to each of the authorised representatives. Furthermore, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period as and when required;

(c) pursuant to Rule 3A.19 of the Listing Rules, our Company has appointed Quam Capital Limited as our compliance adviser (the "**Compliance Adviser**") for the period commencing from the Listing Date until the date on which our Company announces our financial results and distributes our annual report for the first full financial year after the Listing Date. The Compliance Adviser will act as our Company's additional and alternative channel of communication with the Stock Exchange, and its representatives will be readily available to answer enquiries from the Stock Exchange. Our Company will ensure that there are adequate and efficient means of communication between us, our authorised representatives, our Directors and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between us and the Stock Exchange. Our Company will also inform the Stock Exchange promptly of any change in the Compliance Adviser. Meetings with the Stock Exchange and our Directors can be arranged through our Company's authorised representatives or the Compliance Adviser, or directly with our Directors upon reasonable notice; and

(d) in addition to the Compliance Adviser's role and responsibilities after the Listing to provide advice to our Company on the continuing obligations under the Listing Rules and applicable laws and regulations, our Company will retain a Hong Kong legal adviser to advise us on the compliance with the Listing Rules and other applicable Hong Kong laws and regulations relating to securities after the Listing.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;

- there are no other matters the omission of which would make any statement herein or this prospectus misleading; and

- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable.

CONFIRMATION OF FILING BY THE CSRC

The CSRC has issued the Notice of Filing on the Overseas Offering and Listing to the Company on 19 July 2023, which confirmed the information filed to the CSRC by the Company in respect of the overseas listing of the Shares under the Stock Exchange. By issuing such notice, the CSRC only confirms the information filed by the Company, but does not provide any confirmations as to the investment value of the Shares or the return to the investors. The CSRC also does not accept responsibilities for the authenticity, accuracy and completeness of the information filed.

PROSPECTUS ISSUED IN CONNECTION WITH HONG KONG PUBLIC OFFER ONLY

This prospectus is published solely in connection with the Hong Kong Public Offer, which forms part of the Global Offering.

The Hong Kong 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 out herein and therein. No person is authorised to give any information in connection with the Hong Kong Public Offer or to make any representation not contained in this prospectus and the **GREEN** Application Form, and any information or representation not contained herein and therein must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint

Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications in relation to subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attaching to them). It is emphasised that none of us, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering accepts responsibility for any tax affairs or liabilities of any person resulting from the subscription for, purchase, holding, disposing of, or dealing in the Shares, or the exercise of any rights attaching to the Shares.

INFORMATION ABOUT THE GLOBAL OFFERING

Issuer	Maiyue Technology Limited (邁越科技股份有限公司)
Global Offering	Global Offering of initially 125,000,000 Offer Shares (subject to reallocation and excluding the Shares to be issued pursuant to the exercise of the Over-allotment Option) comprising (i) Hong Kong Public Offer of initially 12,500,000 Offer Shares (subject to reallocation) and (ii) International Placing of initially 112,500,000 Offer Shares (subject to reallocation and excluding the Shares to be issued pursuant to the exercise of the Over-allotment Option).
Offer Price range	Not more than HK$1.40 and not less than HK$1.05 per Share.

Share borrowing arrangements in connection with settlement	The Stabilising Manager or any person acting for it may borrow from Deep Blue Ocean up to 18,750,000 Shares (assuming the Over-allotment Option is exercised in full).
Over-allotment Option and stabilisation	Up to 18,750,000 additional new Shares to be issued by our Company, representing 15% of the Offer Shares initially offered under the Global Offering. See "Structure and Conditions of the Global Offering" for further details.
Lock-up undertakings by our Company and our Controlling Shareholders	See "Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Stock Exchange pursuant to the Listing Rules" and "Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriters Agreement".
Board lot	2,000 Shares.
Exchange rate conversion	In this prospectus, unless otherwise stated, amounts denominated in RMB have been translated into Hong Kong dollars at an exchange rate of RMB1.00 to HK$1.12 for illustrative purposes only. Such conversions shall not be construed as representations that amounts in RMB were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.
Dividend policy	See "Financial Information — Dividends and Dividend Policy". Unless we determine otherwise, dividend, if declared, will be paid in Hong Kong dollars to our Shareholders, as recorded in our register of members, by ordinary post, at our Shareholders' own risks, to the registered address of each such Shareholder, or in the case of joint holders, the holder whose name stands first in our register of members in respect of the joint holding, or to such person and to such address as the holder or joint holders may in writing direct.

Voting rights

Each Share entitles its holder to one vote on a poll at our Shareholders' meeting. See "Summary of the Constitution of our Company and Cayman Companies Act" in Appendix III to this prospectus.

Stamp duty

Dealings in the Shares registered on our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.13% (with effect from 1 August 2021) on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.26% is currently payable on a typical sale and purchase transaction involving the Shares.

Transfers of the Shares registered in our principal share register in the Cayman Islands will not be subject to Cayman Islands stamp duty unless our Company holds an interest in land in the Cayman Islands.

Register of members

Our Company's branch share register will be maintained by the Hong Kong Share Registrar. All of the Shares issued pursuant to the Global Offering will be registered on our branch register of members maintained in Hong Kong.

Application for listing on the Stock Exchange

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares to be issued by us pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued upon the exercise of the options granted under the Share Option Scheme).

Dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 11 October 2023. 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 as at the date of this prospectus. All the Offer Shares will be registered on our register of members maintained by the Hong Kong Share Registrar in order to enable them to be traded on the Stock Exchange.

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

Restrictions on offers and sales of the Offer Shares

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales 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 authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

Fully Underwritten

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Overall Coordinator. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or about the Price Determination Date, subject to determination of the pricing of the Offer Shares. See "Underwriting" for further information regarding the Underwriters and the underwriting arrangements.

Price Determination Date

On or around Wednesday, 4 October 2023, if, for any reason, the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price, the Global Offering (including the Hong Kong Public Offer) will not become unconditional and will not proceed and will lapse.

Eligibility for CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares on the Stock Exchange and compliance of 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 Stock Exchange is required to take place in CCASS on the second business day (as defined in the Listing Rules) after any trading day. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Language

If there is any inconsistency between the English version and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. For ease of reference, the names of Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages, and in the event of any inconsistency, the Chinese versions shall prevail.

Rounding of figures

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 arithmetic aggregation of the figures preceding them.

Procedures for applying for Hong Kong Offer Shares

See "How to Apply for Hong Kong Offer Shares".

Conditions of the Global Offering

See "Structure and Conditions of the Global Offering — Conditions of the Global Offering".

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. LI Changqing (李常青)	A2203 Fugui Garden 59 Jinzhou Road Nanning, Guangxi, PRC	Chinese
Mr. WANG Yufei (王宇飛)	Room 1101, 11/F Unit 1, Block 15, Longguang Jiulong Lake 11 Fenghuang Road Liangqing District Nanning, Guangxi, PRC	Chinese
Mr. HUI Chi Chung Nevin (許智聰)	Flat E, 30/F Tower 1, Banyan Garden 863 Lai Chi Kok Road Cheung Sha Wan, Kowloon, Hong Kong	Chinese
Ms. DENG Caidie (鄧彩蝶)	No. 403 Unit 2, Jiangyingxuan, Jade Garden 168 Minzu Avenue Qingxiu District Nanning, Guangxi, PRC	Chinese
Mr. ZHANG Guangbai (張光柏)	Room 1101 Unit 1, Block 15, District 3, Datangshijia 1 Longfu Road Yongning District Nanning, Guangxi, PRC	Chinese

Name	Residential Address	Nationality
Independent Non-Executive Directors		
Mr. HOU Chang (侯昶)	No. 505 Unit 1, Block 17, Jinyuanyuefeng, Jinyuancheng 6 Yuchan Road Xingning District Nanning, Guangxi, PRC	Chinese
Mr. HU Zhongqiang (胡忠強)	Room 1101, Block G Qinshuiyuan, Nanhubiyuan Bihu North Road Qingxiu District Nanning, Guangxi, PRC	Chinese
Mr. LIN Peigan (林培干)	Room 501 Unit 1, Block 5, Fengjingwan Community 62 Changhu Road Qingxiu District Nanning, Guangxi, PRC	Chinese

See "Directors and Senior Management" for further details of our Directors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Quam Capital Limited** 5/F and 24/F (Rooms 2401 and 2412) Wing On Centre, 111 Connaught Road Central Hong Kong
Sole Overall Coordinator	**Quam Securities Limited** 5/F and 24/F (Rooms 2401 and 2412) Wing On Centre, 111 Connaught Road Central Hong Kong

Joint Global Coordinators	**Quam Securities Limited** 5/F and 24/F (Rooms 2401 and 2412) Wing On Centre, 111 Connaught Road Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	BOCOM International Securities Limited 9th Floor, Man Yee Building 68 Des Voeux Road Central Hong Kong
	China Galaxy International Securities (Hong Kong) Co., Limited 20/F Wing On Centre 111 Connaught Road Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road, Central Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 26/F-28/F, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	Zhongtai International Securities Limited 19th Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Bookrunners	**Quam Securities Limited** 5/F and 24/F (Rooms 2401 and 2412) Wing On Centre, 111 Connaught Road Central Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCOM International Securities Limited
9th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road, Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
26/F-28/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

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

Eddid Securities and Futures Limited
21/F, Citic Tower
1 Tim Mei Avenue, Central
Hong Kong

Innovax Securities Limited
Unit A-C, 20/F, Neich Tower
128 Gloucester Road, Wanchai
Hong Kong

Valuable Capital Limited
RM 3601-06 & 3617-19
36/F, China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Yue Xiu Securities Company Limited
Rooms Nos. 4917-4937,
49/F, Sun Hung Kai Centre
No.30 Harbour Road, Wanchai
Hong Kong

Zhongtai International Securities Limited
19th Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Joint Lead Managers

Quam Securities Limited
5/F and 24/F (Rooms 2401 and 2412)
Wing On Centre, 111 Connaught Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCOM International Securities Limited
9th Floor, Man Yee Building
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Centre No.30 Harbour Road, Wanchai
Hong Kong

Zhongtai International Securities Limited
19th Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Legal Advisers to our Company	*As to Hong Kong law:* **Deacons** 5th Floor, Alexandra House 18 Chater Road Central, Hong Kong *As to PRC law:* **Zhong Lun Law Firm** 22/F, Tower A China Resources Building 1366 Qianjiang Road Shangcheng District Hangzhou 301120, P.R. China *As to Cayman Islands law:* **Harney Westwood & Riegels** 3501 The Center 99 Queen's Road Central Central Hong Kong
Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Tung & Co.** Office 1601, 16/F, LHT Tower No. 31 Queen's Road Central Hong Kong *As to PRC law:* **AnJie Broad Law Firm** Unit 2103-04, Tower 3, Kerry Plaza No. 1 Zhongxinsi Road Futian District Shenzhen, China
Auditors and Reporting Accountants	**KPMG** 8th Floor, Prince's Building 10 Chater Road Central, Hong Kong

Industry Consultant	**Frost & Sullivan Limited** 1706, One Exchange Square 8 Connaught Place Central, Hong Kong
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered Office in the Cayman Islands	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands
Head Office and Principal Place of Business in the PRC	Room 806, 8th Floor Office Area, Block B, East Tower Guangxi Sports Centre Supporting Project Complex 9 Gehai Road Nanning, Guangxi, PRC
Principal Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	Unit 1412, 14/F, COSCO Tower 183 Queen's Road Central Sheung Wan, Hong Kong
Company's Website Address	**http://www.maiyuesoft.com** *(the contents on this website do not form part of this prospectus)*
Joint Company Secretaries	Ms. Dai Tianqiao (戴恬俏), *CPA* Unit 1412, 14/F, COSCO Tower 183 Queen's Road Central Sheung Wan, Hong Kong Ms. Li Hoi Mei (李海薇), *ACG, HKACG* Room 2301-02, 23/F Shanghai Industrial Investment Building 48-62 Hennessy Road Wan Chai, Hong Kong
Authorised Representatives	Mr. Li Changqing (李常青) A2203 Fugui Garden 59 Jinzhou Road Nanning, Guangxi, PRC

	Mr. Hui Chi Chung Nevin (許智聰) Flat E, 30/F Tower 1, Banyan Garden 863 Lai Chi Kok Road Cheung Sha Wan, Kowloon, Hong Kong
Audit Committee	Mr. Lin Peigan (林培干) *(Chairman)* Mr. Hou Chang (侯昶) Mr. Hu Zhongqiang (胡忠強)
Remuneration Committee	Mr. Hu Zhongqiang (胡忠強) *(Chairman)* Mr. Hou Chang (侯昶) Mr. Lin Peigan (林培干)
Nomination Committee	Mr. Li Changqing (李常青) *(Chairman)* Mr. Hou Chang (侯昶) Mr. Hu Zhongqiang (胡忠強)
Cayman Islands Principal Share Registrar and Transfer Office	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Compliance Adviser	**Quam Capital Limited** 5/F and 24/F (Rooms 2401 and 2412) Wing On Centre, 111 Connaught Road Central Hong Kong
Principal Bank	**Guilin Bank Nanning Branch** 111 Minzu Avenue Qingxiu District Nanning, Guangxi, PRC

The information contained in this section have been derived from various official government and other publications and the market research report prepared by Frost & Sullivan which we commissioned.

We believe that the sources of such information are appropriate sources and have taken reasonable care in extracting and reproducing such information. The information from government official sources has not been independently verified by us, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering and no representation is given as to its accuracy.

SOURCE AND RELIABILITY OF INFORMATION

We commissioned Frost & Sullivan, a market research and consulting company and an independent third party, to conduct an analysis of, and to report on the education IT solutions market and government IT solutions market in the PRC and Guangxi, for the period from 2017 to 2027. The F&S Report has been prepared by Frost & Sullivan independent of our influence. The fee payable to Frost & Sullivan for preparing the F&S Report is HK$863,000, which we believe reflects the market rate for similar services. Founded in 1961, Frost & Sullivan has over 40 global offices with more than 3,000 industry consultants, market research analysts, technology analysts and economists. It offers technology research, independent market research, economic research, corporate best practices advising, training, customer research, competitive intelligence and corporate strategy. Our Directors confirm that after taking reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the F&S Report which may qualify, contradict or have an impact on the information in this section.

RESEARCH METHODOLOGY

The methodology used by Frost & Sullivan in gathering the relevant market data in compiling the F&S Report included primary interviews and secondary research. Primary interviews are conducted with relevant institutions to obtain objective and factual data and prospective predictions. Secondary research involves information integration of data and publication from publicly available resources, including official data and announcements from PRC governmental departments, and market research on industry and enterprise player information issued by our chief competitors.

Basis and Assumptions

The F&S Report was compiled based on the following assumptions: (i) the economy in the PRC and Guangxi are likely to maintain steady growth in the next decade; (ii) the social, economic, and political environment in the PRC and Guangxi are likely to remain stable in the forecast period; (iii) market drivers such as strong policy support, increasing public expenditure on education, and public administration increasing demand from education industry and rapid technology development and iteration are likely to drive the growth of the education IT solutions market and government IT solutions; and (iv) the COVID-19 pandemics will be under effective control in the PRC along with government's strict quarantine and prevention measures and do not affect the long-term economy development of the PRC.

OVERVIEW OF EDUCATION INDUSTRY IN GUANGXI

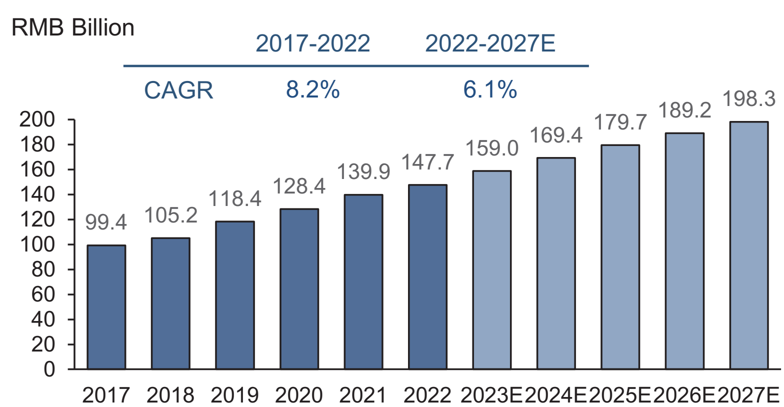
The nominal GDP in Guangxi was RMB2,630.0 billion in 2022, which was 2.2% of the nominal GDP in the PRC. Over the past five years, the nominal GDP in Guangxi has grown at a CAGR of 8.1%. Going forward, the nominal GDP in Guangxi is expected to reach RMB3,839.0 billion in 2027, representing a CAGR of 7.9% between 2022 and 2027. Guangxi's population has also grown at a stable rate over the past years. In 2022, the total population of Guangxi was 50.5 million and 55.6% thereof was urban population. Along with the growing macro economy and accelerating process, the urbanisation rate in Guangxi is also expected to continue rising from 2022 to 2027, reaching 63.7% in 2027.

Total Public Expenditure on Education in Guangxi

Total public expenditure on education refers to the aggregating total public expenditure allocated to schools and education institutions by the PRC Government. Total public expenditure on education is used for educational expenses, construction expenses, scientific research expenses and others. Total public expenditure on education in Guangxi has maintained a steady growth rate from 2017 to 2022 at a CAGR of 8.2%, respectively. In the foreseeable future, total public expenditure on education is expected to grow steadily, at a CAGR of 6.1%, respectively between 2022 and 2027.

The total public expenditure on education is the major fund source for education IT solutions market, which contributed approximately 84% of the total market size of education IT solutions market in 2022. Hence, the continuously growing total public expenditure on education is expected to further drive the development of education IT solutions market.

Total Public Expenditure on Education, Guangxi, 2017-2027E



Source: Ministry of Education, Frost & Sullivan Analysis

OVERVIEW OF EDUCATION IT SOLUTIONS MARKET IN GUANGXI

Introduction and Classification of Education IT Solutions Market

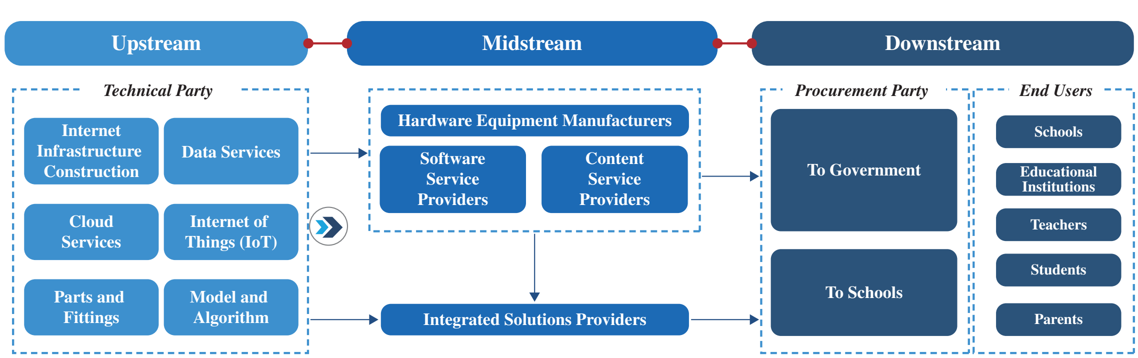
IT solution is a set of IT products and/or services that are sold as a single package to customers. Education IT solutions, also known as educational informatisation (教育信息化), refers to the application of modern information technologies to provide hardware equipment, software tools, integrated IT solutions services, teaching contents and other IT services to schools and education institutions inside the education system. Education IT solutions can effectively improve the operating efficiency and service quality of schools and education institutions, which in turn promotes the construction of informational service system in the education industry in the PRC. Representative education IT solutions include intelligent interactive panel, cloud platform, digitalised campus, administrative management system, etc.

In terms of service types, education IT solutions generally can be divided into four categories, including sales of hardware equipment, provision of software services, provision of integrated IT solutions services and provision of content service, details of which are set forth below:

Sales of hardware equipment	Sales of hardware equipment generally refers to the provision of essential equipment support for the construction of education IT solutions.
Provision of software services	Provision of software services generally refers to the provision of software support for various educational activities at schools, including school administration, teaching management, etc.
Provision of integrated IT solutions services	Provision of integrated IT solutions services generally refers to the integration of hardware, software and communication technologies to provide comprehensive solutions services to schools and education institutions.
Provision of content services	Provision of content services generally refers to the provision of informatisation of teaching contents and teaching tools to students and teachers at school.

Industry Value Chain of Education IT Solutions Market

The following chart illustrates the value chain of education IT solutions market in the PRC:



Source: Frost & Sullivan Analysis

The upstream of the education IT solutions market mainly consists of various technical supports such as Internet infrastructure construction, cloud services, as well as essential technologies applied in the education IT solutions services. Generally, the upstream of the industry value chain provides the fundamental technical support for midstream education IT solutions services providers. The midstream education IT solutions services providers generally include hardware equipment manufacturers, software services providers, integrated IT solutions services providers and other content services providers.

As public expenditure on education is the major funding source of education IT solutions, local education bureau is the largest procurement party of education IT solutions projects. In addition, while public schools provide bid opportunities of education IT solution projects, private schools, who usually have more self-owned funds than public schools, also offer bid opportunities of education IT solutions projects.

Market Size of Education IT Solutions Market in Guangxi

Education IT solutions market in the PRC is a strong policy-driven market. In 2012, the MOE issued the "Ten-year Development Plan for Education IT Solutions (2011-2020)" (《教育信息化十年發展規劃(2011-2020年)》) and set the promotion of education IT solutions as a national strategy. Following the policy, the MOE released the "Action Plan 2.0 of Education IT Solutions" (《教育信息化2.0行動計劃》) in 2018 to further strengthen the development of the education IT solutions market in the PRC.

Education IT solutions market in Guangxi is also driven by the strong policy support. The Education Department and the People's Government of Guangxi each issued "Development Plan for Education IT Solution in Guangxi (2017-2020)" (《廣西教育信息化發展規劃（2017-2020年）》) and "Three-year Action Plan for the Promotion of Guangxi Education (2018-2020)" (《廣西教育提升三年行動計劃（2018-2020年）》) in 2017 and 2018, respectively. Furthermore, the Education Department of Guangxi issued "Action Plan of "Internet + Education" in Guangxi (2018-2022)" (《廣西"互聯網+教育"行動計劃（2018-2022年）》) in 2019, which entailed ten major action plans including 1) Implement the strong action for the construction of informatisation teaching environment in elementary and middle schools (實施中小學信息化教學環境建設攻堅行動); 2) Implement the action of improving the basic network of education (實施教育基礎網絡提升行動); 3) Implement the action of popularising the digital education resources service (實施數字教育資源服務普及行動); 4) Implement the action of developing the network support intelligence and balance (實施網絡扶持智助力均衡發展行動); 5) Implement the action of covering the online learning space (實施網絡學習空間覆蓋行動); 6) Implement the action of normalising the construction of digital campus (實施數字校園規範建設行動); 7) Implement the action of executing "Ten districts, hundred schools and thousand classes" (實施十區百校千課引領行動); 8) Implement the action of improving education governance capability (實施教育治理能力提升行動); 9) Implement the action of improving comprehensive information literacy (實施信息素養全面提升行動); 10) Implement the action of improving the cybersecurity assurance (實時網絡安全保障提升行動), associated with education IT solutions. The total revenue of education IT solutions market in Guangxi increased from RMB9.4 billion in 2017 to RMB14.7 billion in 2022, representing a CAGR of 9.4%. Guangxi's education IT solution market occupied nearly 3% of the total size of education IT solution market in the PRC in terms of revenue in 2022.

Due to the outbreak of COVID-19, schools from kindergartens to higher education institutions across the PRC had postponed the start date of the spring semester in 2020. The temporary suspension of school work also adversely affected the education IT solutions market due to delayed projects and deferred expenditure from government. In such case, the growth rate from 2019 to 2020 was lower than those from previous years, but still displayed a growing trend.

Given the huge number of education institutions and students, there are still great development potentials for the education IT solutions market. The expected strong growth of the education IT solutions market in Guangxi will be mainly driven by the rising public expenditure on education and strong policy support. Some of the more recently implemented or published supportive government policies are summarised below:

- according to the "Major Tasks for Basic Education in 2022" (《教育部2022年工作要點》) issued by the MOE in 2022, the PRC government is implementing the strategic direction of digital education and promoting the development of "Internet + Education" in order to improve the informatisation of the education IT solutions market;

- the National Development and Reform Commission is currently mobilising local governments to implement mid-to-long term loan financing programs for 16 major areas, including technical upgrades in the education IT solutions market. In this relation, low-rate loans with a total amount of RMB1.5 trillion will be available for high schools, vocational schools and other educational facilities to procure new IT devices and improve their IT development programs. Commercial banks are also encouraged to expand their mid-to-long term loan programs and provide the sufficient amount of financing for those construction projects and for equipment upgrading;

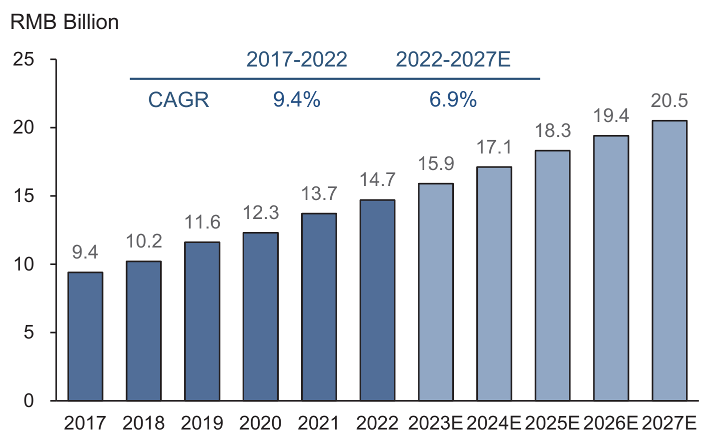
- since 2021, the Guangxi government has promulgated several favourable policies to promote the development of the education IT solutions market. First of all, according to "The 14th Five Year Plan for the Development of Education in Guangxi" (《廣西教育事業發展十四五規劃》) issued by the People's Government of Guangxi in 2021, the Guangxi government plans to build 30 experimental zones and 100 experimental schools for the integration of information technology and innovation in education. This encourages the strengthening of new educational infrastructure and considers the construction of education information technology as an important part of the new infrastructure. The plan promotes increasing investments in educational infrastructure and full utilisation of information technology to improve the professionalism and scientific characteristics of education;

- according to "The Development Plan for Guangxi on the 'Digital Silk Road' for ASEAN (2021–2025)" (《廣西面向東盟的'數字絲綢之路'發展規劃(2021–2025)》) issued by the People's Government of Guangxi in 2021, the Guangxi government cooperates with the Association of Southeast Asian Nations (ASEAN) to work on various projects relating to education IT solutions during their strategic cooperation. Throughout such strategic cooperation process, some companies received around RMB1.5 billion for proposed investment in several areas, including the education IT solutions market, which would significantly drive the market to consistently grow; and

- in 2022, the Department of Education in Guangxi has also announced the "Notice of the Education Department of the Autonomous Region on the organisation of the second batch of Guangxi basic education information integration and innovation experimental areas and the establishment of experimental schools" (《自治區教育廳關於組織開展第二批廣西基礎教育信息化融合創新試驗區和實驗校創建工作的通知》), which clearly states the Guangxi government's intention to improve the integration of information technology and education to develop the education IT solutions market.

With the government support and increasing public expenditure on IT education, the total revenue of education IT solutions market in Guangxi is expected to sustain growing in the next five years and reach RMB20.5 billion by 2027, representing a CAGR of 6.9% between 2022 and 2027.

Total Revenue of Education IT Solutions Market, Guangxi, 2017-2027E

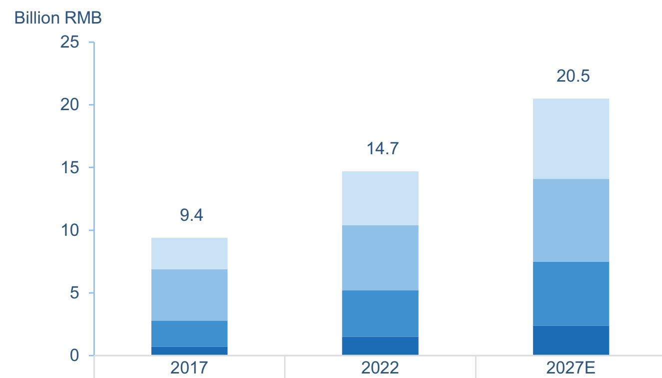


Source: Department of Education of Guangxi, Frost & Sullivan Analysis

Sales of hardware equipment is the largest market segment in education IT solutions market in Guangxi. In 2022, the revenue from sales of hardware equipment accounted for 35.4% of the total revenue of education IT solutions market in Guangxi. The market size of integrated IT solutions services in education IT solutions market in Guangxi increased from RMB2.5 billion in 2017 to RMB4.3 billion in 2022, representing a CAGR of 11.5%.

With the strong demand from education industry and strong policy support in education IT solutions market, the market size of integrated IT solutions services in education IT solutions market of Guangxi is expected to reach RMB6.4 billion in 2027, representing a CAGR of 8.3% between 2022 and 2027.

Revenue Breakdown of Education IT Solutions Market in Terms of Business Types, Guangxi, 2017-2027E



	2017	2022	2027E	CAGR (17-22)	CAGR (22-27E)
Integrated IT Solutions	2.5	4.3	6.4	11.5%	8.3%
Hardware Equipment	4.1	5.2	6.6	4.9%	4.9%
Software Services	2.1	3.7	5.1	12.0%	6.6%
Content Services	0.7	1.5	2.4	16.5%	9.9%
Total	9.4	14.7	20.5	9.4%	6.9%

Source: Department of Education of Guangxi, Frost & Sullivan Analysis

RECENT DEVELOPMENT TREND OF EDUCATION IT SOLUTIONS MARKET IN GUANGXI

Introduction to Digitalised Campus

By applying upgraded technologies to the campus, including the application of digitalised system or tools, and intelligent technologies such as IoT technologies, digitalised campus that improved the efficiency of teaching and management in schools were built. In particular, the application of the intelligent technologies could allow the schools to effectively connect the physical space and information resources by fully integrating teaching, researching and management into a single application service system, with an aim to increase the overall effectiveness of teaching and learning. Previously, the development of digitalised campus mainly focused on the construction of hardware infrastructure. The construction of data management, software platforms, and application systems is mostly scattered and unsystematic. It is usually difficult to achieve an integrated model in lack of systematic and long-term planning and designing for the digitalised campus development. Recently, with the clear goals of digitalised campus development and the assistance from education IT solutions services providers who are able to design and construct digitalised campus to assist, governments and education institutions start to achieve the systematic development of digitalised campus. Going forward, the development of digitalised campus is expected to continuously utilise advanced technologies, such as AI, big data, digital twins to open up and connect different operating sectors of campus in a single platform, realising the integration and utilisation of data from multiple sources.

In recent years, the MOE consecutively issued "Action Plan for Education IT Solutions 2.0" (《教育信息化2.0行動計劃》), "Smart Campus Overall Framework" (《智慧校園總體框架》), "China Education Modernisation 2035" (《中國教育現代化2035》) to advocate to utilise new emerging technologies to promote the reform and upgrade in the education industry.

Market Drivers of Education IT Solutions Market in Guangxi

Strong policy support: The promotion of education IT solutions has been set as one of the key tasks in the development of education industry. Over the past decade, supportive polices on education IT solutions market have been intensively introduced by the PRC Government. Since the issuance of "Ten-Year Development Plan for Education IT Solution (2011-2020)" (《教育信息化十年發展規劃(2011-2020年)》), in 2012, China's education IT solutions market has entered the first rapid development stage. Following the development plan, the MOE then issued several guidance and policies to further promote the market development, including the "13th FYP for Education IT Solution" (《教育信息化"十三五"規劃》) and the "Notice on Further Strengthening the Informatisation of Educational Management" (《關於進一步加強教育管理信息化的通知》), etc. In recent years, the MOE issued the "Action Plan 2.0 of Education IT Solutions" (《教育信息化2.0行動計劃》) to designate new development goals for education IT solutions market in the following years.

Local governments also issued supportive polices on the development of education IT solutions market. In Guangxi, the Education Department of Guangxi has issued the "Three-Year Action Plan for the Promotion of Guangxi Education (2018-2020)" (《廣西教育提升三年行動計劃(2018-2020年)》) and "Development Plan for Education IT Solutions in Guangxi (2017-2020)" (《廣西教育信息化發展規劃(2017-2020年)》) to vigorously promote education IT solutions in the education industry. These favourable polices are expected to further drive the demand for education IT solutions services and fuel up the development of education IT solutions market.

Increasing public expenditure on education: As public expenditure is the major fund source for the education IT solutions market, the increasing public expenditure on education is a key driver for the market. The total public expenditure on education in Guangxi also stably grew from RMB99.4 billion in 2017 to RMB147.7 billion in 2022. According to the "Ten-Year Development Plan for Education IT Solutions (2011-2020)" (《教育信息化十年發展規劃2011-2020》) issued by the MOE, governments at different levels should spend for education IT solutions at a rate of not less than 8% to ensure the steady and stable public expenditure on education. Under the strong policy support, the public expenditure on education is expected to further increase, and therefore drive the development of education IT solutions market.

Strong demand from education industry: Due to the large population number and education demand in China, there are a huge number of schools and student enrolments in the PRC. According to the data from the MOE, there were approximately 0.52 million schools and 293 million students enrolled in 2022. The large number of schools and student enrolments have created strong demand for education IT solutions products and services. As governments are advocating for the construction of education IT solutions in the education system, education departments and schools are expected to generate demand for education IT solutions services. In such case, the strong demand from education industry will strongly promote the growth of education IT solutions market.

Rapid technological development and iteration: The rapid technological development and iteration have deeply influenced the education industry. Advanced technologies such as big data analytics, cloud service, AI, IoT and VR/AR have provided diversified education IT solutions, which can update the teaching and management models to improve the teaching environment and management efficiency of schools and education institutions. For instance, face recognition application utilising face recognition, big data, IoT and other information technologies can provide security services and relevant campus management service to schools. The rapid technology development and iteration of information technologies will continue to promote the innovation in education industry by providing diverse IT solutions, which in turn drives the growth of education IT solutions market.

Opportunities to the Education IT Solutions Market in Guangxi

- ***The outbreak of COVID-19 spawns demand for more education IT solutions:*** In early 2020, the outbreak of COVID-19 caused the massive suspension of school operation. In February 2020, the MOE issued the "Notice on Supporting Education and Teaching with IT during the period of Epidemic Prevention and Control" (《關於疫情防控期間以信息化支援教育教學工作的通知》) to utilise IT solutions to support online teaching and management works during the period of epidemic prevention and control. Multiple regular works of schools have transferred from offline to online, including online remote teaching, online campus management, human resource management, etc. The influence of COVID-19 on schools is expected to create strong demand for education IT solutions services.

- ***Technology improvement generates more development opportunities:*** Advanced technologies such as cloud computing, big data analytics and AI are strongly supported by government policies such as "Action Plan for Promoting the Development of Big Data" (《促進大數據發展行動綱要》) and "13th Five-Year National Information Plans" (《十三五國家信息化規劃》). The technology improvement will further improve the ability of acquiring and analysing data, which in turn generates more businesses and raises the product quality and service efficiency in the education IT solutions market.

- ***Self R&D Capability:*** IT solutions services providers with own research and development capability can provide services that can better satisfy the distinctive needs of their customers and help them to achieve greater efficiency in terms of budget and resource allocation, and thus shall have a competitive edge over the other market players.

Challenges of the Education IT Solutions Market in Guangxi

- ***Data security:*** Along with the promotion of education IT solutions in schools and education institutions, data security has always been a big challenge for education IT solutions services providers. Once the information is leaked or illegally used by others, there will be huge risks to education institutions. Moreover, education IT solutions services such as big data application system and face recognition software normally store large amount of personal information of students. The leakage of data could potentially threaten the privacy information of students, which will bring technical challenges for the education IT solutions services providers.

- ***Increasing labour costs:*** As a knowledge-intensive industry, education IT solutions market has a strong demand for IT talents. With the rapid technology development and iteration, education IT solutions providers are increasingly demanding for high-end talents who possess capability relating to new emerging technologies. On the other hand, labour cost in education IT solutions market accounts for a large amount of overall expenditure, and it has continuously increased in recent years. The increasing labour costs generally raise the operating pressure and may have imposed a challenge for education IT solutions services providers.

- ***Management of cash flow and working capital:*** Education IT solutions services providers need to have sufficient capital for its operation. They require a large initial capital investment in research and development as well as in the improvements and upgrades of existing products and services. IT solutions services providers are also usually required to pay a substantial amount of cash upfront throughout the execution of projects, such as for the procurement of hardware, equipment and software, service costs for IT and supporting services and staff costs, whereas customers generally make payments upon project completion. Cash flow management and source of funding thus serve as common constraints for companies with limited financial capability. As the capital requirement and upfront cost will increase along with the number and scale of projects undertaken by education IT solutions services providers, a sufficient financial reserve is essential.

Entry Barriers to Education IT Solutions Market in Guangxi

- ***Industry experience and track records:*** As the projects of education IT solutions are usually complex and involve multiple IT segments, education institutions are increasingly willing to select experienced service providers with successful track records. Such companies have accumulated rich experience and deep know-how in education IT solutions. In addition, schools usually select education IT solutions services providers through bidding model, generally evaluating the product performance, successful past cases, technologies, goodwill and other benchmarks to filter quality suppliers. It is difficult for new entrants in lack of industry experience to compete with experienced service providers.

- ***Technical strength:*** As a knowledge-intensive industry, education IT solutions market usually requires players to equip with strong technical strength. With the rapid technology development and upgrade, market participants are not only proficient in system design, data modelling and other software engineering technologies, but also able to quickly adopt to new emerging technologies and applications such as big data, AI, clouding computing, etc. In addition, for integrated IT solutions services providers, the capability of providing customised education IT solutions services are key success factors in the market. Hence, strong technical strength requirement has created a high entry barrier for new entrants.

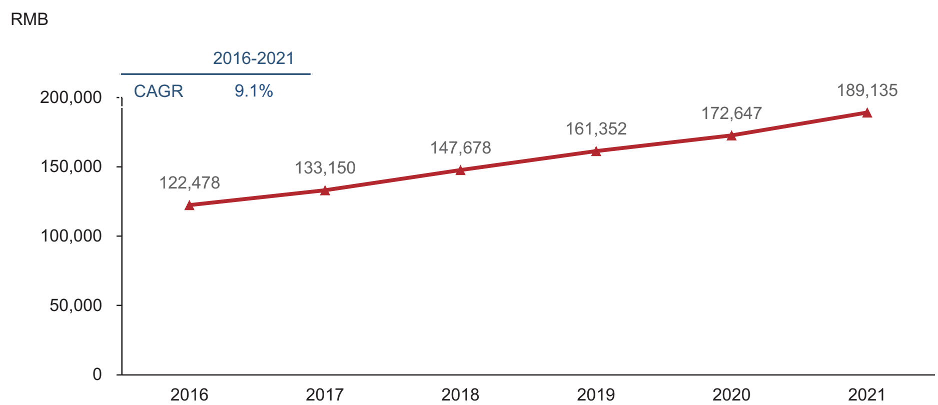
- ***Sales channel:*** Through years of operation, existing education IT solutions services providers generally have already established a well-known brand name in the operating regions and solid relationship with education institutions. New entrants cannot establish a good brand image and good relationships with local institutions in a short time.

- ***Solid relationship with suppliers:*** The integrated IT solutions services providers have established solid business relationship with suppliers of hardware equipment and software services. These suppliers tend to cooperate with integrated IT solutions services providers with solid business relationship, rich industry experience and considerable number of projects. New entrants cannot directly source the products or services from large suppliers in short time.

COST ANALYSIS OF EDUCATION IT SOLUTIONS MARKET IN THE PRC

Procurement of hardware equipment and software accounts for the largest proportion of total costs in education IT solutions market. As hardware equipment and software vary in product types and service models, there is no standardised price statistics for the procurement costs. Labour cost is one of the main component of education IT solutions services providers' costs. Along with the growing macro economy, the average annual wage of employed persons in information transmission, computer service and software has increased from RMB122,478 in 2016 to RMB189,135 in 2021 of a CAGR of 9.1%.

Average Annual Wage of Employed Persons in Information Transmission, Computer Service and Software, the PRC, 2016-2021



Note: Actual data for 2022 is not available yet

Source: National Bureau of Statistics, Frost & Sullivan Analysis

Education IT solutions services providers also procure equipment from other suppliers. As the equipment are usually diversified and non-standardised, there is no industry average price for the procurement price of such equipment.

COMPETITIVE LANDSCAPE OF EDUCATION IT SOLUTIONS MARKET IN GUANGXI

Education IT Solutions Market in Guangxi

Education IT solutions market in Guangxi is highly fragmented with approximately 1,000 players in 2022. In 2022, the total revenue generated from education IT solutions services by the top five players was RMB567.6 million, accounting for a total market share of 3.9%.

Integrated IT Solutions Services in Education IT Solutions Market in Guangxi

The market of integrated IT solutions services in education IT solutions market in Guangxi is fragmented but relatively more concentrated than that of China. There were less than 500 in Guangxi in 2022, most of which are local companies. In 2022, the total revenue generated from integrated IT solutions services by the top five integrated IT solutions services providers was RMB399.2 million, accounting for a total market share of 9.3%.

OVERVIEW OF GOVERNMENT IT SOLUTIONS MARKET IN GUANGXI

Introduction of Government IT Solutions Market

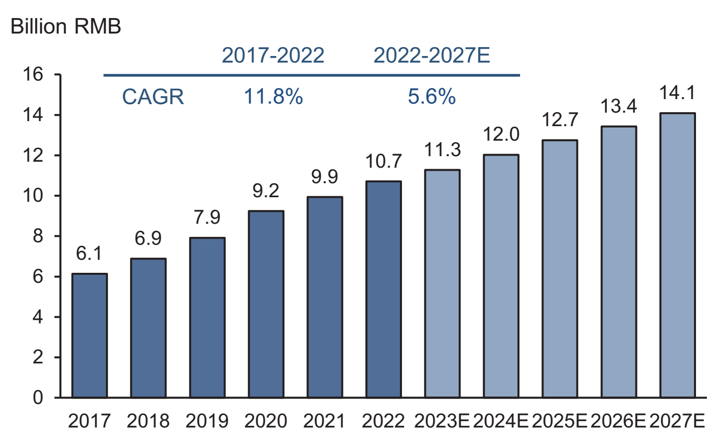
Government IT solutions refer to the application of modern information technologies to raise the government efficiency and service quality in operation, supervision, services and decision-making process. Government IT solutions services basically integrate various functional departments and various exiting resources through detection, analysis, and intelligent response to improve the efficiency of government operation and management, creating a convenient and efficient government platform for enterprises and the public.

Market Size of Government IT Solutions Market in Guangxi

As governments are increasingly focusing on the applications of IT solutions in government affairs, government IT solutions market in the PRC has witnessed a stable growth pace over the past years. Going forward, the PRC Government is expected to continue promoting digitalisation of government governance, and the government IT solutions market is expected to steadily grow in the foreseeable future.

The government IT solutions market in Guangxi increased from RMB6.1 billion in 2017 to RMB10.7 billion in 2022, representing a CAGR of 11.8%. Guangxi's government IT solution market occupied nearly 2.5% of the total size of government IT solution market in the PRC in terms of revenue in 2022. The growth was mainly driven by supporting government policy issued in 2018. Guangxi's People Government issued "Three-year Action Plan to Promote the Construction of Digital Government" (《推進數字政府建設三年行動計劃》). Under the government support, the market size rapidly grew between 2017 and 2022. Going forward, the market size is expected to reach RMB14.1 billion, representing a CAGR of 5.6% between 2022 and 2027.

Market Size of Government IT Solutions Market, Guangxi, 2017-2027E



Source: National Bureau of Statistics, Frost & Sullivan Analysis

Market Drivers of Government IT Solutions Market in Guangxi

Favourable government policy: The PRC Government has issued a series of favourable policies and regulations to support the development of government IT solutions market. Representative policies include "Guiding Opinions on Accelerating the Construction of a National Integrated Online Government Service Platform" (《加快推進全國一體化線上政務服務平台建設的指導意見》) in 2018 and "Action Plan for Promoting the Development of Big Data" (《促進大資料發展行動綱要》) in 2018, which both set plans for the development of government IT solutions market. Guangxi's People Government issued "Three-year Action Plan to Promote the Construction of Digital Government" (《推進數字政府建設三年行動計劃》), which instructed the government to accelerate the development of E-government data centre, etc. The favourable government policies have been the major market driver for the development of government IT solutions market in the PRC.

Accelerating urbanisation process: Along with the growing macro economy and accelerating process, the urbanisation rate in Guangxi is also expected to continue rising from 2022 to 2027, reaching 63.7% in 2027. The accelerating urbanisation process has brought prominent problems with the increasing number of population in urban area. The growing influx population, has generated higher requirement for operating efficiency of governments. Under this circumstance, the demand for government IT solutions services has raised, during the growth of government IT solutions market in the PRC.

Rapid technological development: The rapid technological development has been one of the key drivers for the development of government IT solutions market in the PRC. The emerging and evolving information technologies have provided multiple solutions for the construction of digitalised government, in which the government uses a set of new information technology, such as internet, cloud computing and big data, to improve the capability of government office and regulations, and there is an increasing number of subsectors adopting information technologies to improve the operating efficiency of the industries.

COMPETITIVE LANDSCAPE OF GOVERNMENT IT SOLUTIONS MARKET IN GUANGXI

Government IT solutions market is a subset of the overall IT solutions market and it accounted for 9.9% of the overall IT solutions market in the PRC in terms of revenue in 2022. The government IT solutions markets in Guangxi are relatively fragmented. There were around 300 players in the government IT solutions markets of Guangxi respectively. Leading companies are large-scale technical companies and Internet companies in the government IT solutions market.

Our business and operations in China are subject to laws and regulations of PRC. This section summaries the main relevant laws and regulations which impact the key aspects of the industry in which our business operates.

I. Principal Regulatory Authorities

(A) The MIIT and its internal agencies are in charge of national industry and informatisation work, formulate, organise and implement industry plans, industrial policies and standards; monitor the daily operation of the industry; promote the development of major technological equipment and independent innovation; manage the communication industry, guide and advance informatisation construction; coordinate and maintain national information security, and are responsible for the approval of telecommunications equipment access licences (including trial), telecommunications business licences, organisation and implementation of software, system integration and service technical specifications and standards, and approval of the model of radio frequency transmission equipment. The Local Economic and Information Committee is the competent authority for local industry and information technology.

(B) The National Copyright Administration of the PRC (中華人民共和國國家版權局) is in charge of the registration and management of software copyrights. The Copyright Protection Centre of China (中國版權保護中心) and its local software registration offices are mainly responsible for software registration.

(C) The Ministry of Commerce of the PRC (中華人民共和國商務部) and local commerce authorities are responsible for the supervision and management of foreign investment.

(D) The Ministry of Emergency Management of the PRC (中華人民共和國應急管理局), formerly the State Administration of Work Safety Supervision of the PRC (中華人民共和國國家安全生產監督管理總局) and local work safety authorities are responsible for the supervision and management of work safety at the national level.

(E) The Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部), formerly known as the Ministry of Environmental Protection of the PRC (中華人民共和國環境保護局), and local environmental protection authorities are responsible for environmental protection and management. The local environmental protection authorities supervise and manage the environmental protection work in the area under their jurisdiction, such as resource protection and pollution prevention.

(F) The SAT and its branches are responsible for tax collection and management, and undertake the function of national tax enforcement.

(G) The State Administration of Foreign Exchange (國家外匯管理局) and its sub-bureaus are responsible for carrying out supervision and inspection of foreign exchange in accordance with the laws and regulations, and imposing penalties for violations of foreign exchange management.

(H) The Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) and local departments are responsible for labour security supervision.

II. Production Safety Supervision and Administration

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Production Safety Law**") (promulgated on 29 June 2002, revised on 10 June 2021 and re-effective on 1 September 2021), production and business entities must comply with the Production Safety Law and other laws and regulations related to work safety, strengthen work safety management, form and improve their work safety responsibility systems and work safety policies and rules, enhance work safety conditions, promote work safety standardisation, improve their work safety levels, and ensure work safety. The production and business entities shall be equipped with the conditions for safe production as provided in the Production Safety Law and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that is not equipped with the conditions for safe production may not engage in production and business operation activities. Violation of the Work Safety Law will cause various penalties, which will be implemented according to the particular circumstances.

III. Industry Standard Regulation

In accordance with the Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (Guo fa [2015] No. 11) (《國務院關於取消和調整一批行政審批項目等事項決定》(國發[2015]11號文)) issued by the State Council on 13 March 2015, the administrative examination and approval of software product evaluation and software enterprise evaluation was cancelled on 15 March 2015, and replaced by the "Double Soft Evaluation" led by the provincial software industry associations. According to the Notice on Issuing Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (Guo Fa [2011] No. 4) (《關於進一步鼓勵軟件產業和集成電路產業發展的若干政策的通知》 (國發[2011]4號)) issued by the State Council, the Notice on Issues Concerning Preferential Enterprise Income Tax Policies for Software and Integrated Circuit Industries (Cai Shui [2016] No. 49) (《關於軟件和集成電路產業企業所得稅優惠政策有關問題的通知》(財稅[2016]49號)) issued by the MOF, the SAT, the Development and Reform Commission, and the MIIT, the application of software product certificates is conducive to reducing the risk of enjoying the tax rebate of VAT on software products and provide a reference for the declaration of government funded projects, and are used in business activities such as marketing and promotion of software products.

IV. Internet Security Regulation

On 28 December 2000, the Standing Committee of the National People's Congress (the "**Standing Committee**") issued the Decision on Maintaining Internet Security" (《關於維護互聯網安全的決定》), which was amended on 27 August 2009. It provides that whoever commits any of the following acts will be prosecuted for criminal liability: (a) intruding into computer information systems in the fields of State affairs, national defence construction, and advanced science and technology; (b) using the internet to spread rumours or slander, or publish or disseminate other rumours or slander for the purpose of inciting subversion of the state political power; (c) stealing or leaking state secrets, intelligence or military secrets via the internet; (d) disseminating false or inappropriate commercial information; or (e) infringing on the intellectual property rights of others.

The Provisions on Technical Measures for the Internet Security Protection (《互聯網安全保護技術措施規定》) issued by the Ministry of Public Security on 13 December 2005 require all internet information service providers to take appropriate measures to control computer viruses, back-up data and keep records of certain user information (including user registration information, log-in and log-out times, Internet addresses or domain names, the content of information posted by users and the time of posting) for at least 60 days.

According to the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) issued by the MIIT on 29 December 2011, internet information service providers are prohibited from collecting users' personal information or providing it to others without users' consent.

In addition, the Decision on Strengthening Information Protection on Networks (《關於加強網絡信息保護的決定》), issued by the Standing Committee on 28 December 2012, emphasises the need to protect electronic information that can identify citizens' personal identity and other privacy. The Decision on Strengthening Information Protection on Networks requires Internet information service providers to formulate and disclose rules for the collection and use of personal electronic information, and to take necessary measures to ensure information security and prevent disclosure, destruction and loss. In addition, the Provisions on Protecting the Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》), issued by the MIIT on 16 July 2013 and effective since 1 September 2013, contain specific requirements on the use and collection of personal information, according to which in the course of providing services telecommunications business operators and Internet information service providers collecting and using users' personal information, shall follow the principles of lawfulness, legitimacy and necessity and shall be responsible for the security of the personal information of users collected and used in the course of providing services.

On 7 November 2016, the Standing Committee issued the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), effective on 1 June 2017, which applies to the construction, operation, maintenance and use of networks and the supervision and administration of network security in China. The Cybersecurity Law defines a "network" as the system comprising computers or other information terminals and equipment that collects, stores, transmits, exchanges and processes information under specific rules and procedures. According to the Cybersecurity Law, network operators are generally responsible for safeguarding their networks against interference, damage or unauthorised access, as well as for preventing data leakage, theft or falsification. In addition, network operators are also required to comply with specific rules in accordance with their classification under the multi-tiered network security assurance scheme. Network products and service providers must comply with national standards and ensure the security of their products. Critical network equipment and network security products must be tested by certification and evaluation centres before entering Chinese market. The Cybersecurity Law excludes information that after processing cannot be used to identify a specific individual and cannot be recovered from the test. Internet information service providers must clearly inform users of the manner, content and purpose of collecting and processing personal information of users, and may only collect information necessary for the provision of their services. Internet information service providers are also required to keep users' personal information secured and, in the event that users' personal information is or is likely to be disclosed, to take immediate remedial action and to report any material leakage to the telecommunication regulatory authority.

On 28 December 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) ("**CAC**"), jointly with other 12 government authorities, issued the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective from 15 February 2022. According to the Cybersecurity Review Measures, critical information infrastructure operators procuring network products and services, and online platform operators carrying out data processing activities, which affect or may affect national security, shall be subject to cybersecurity review, and the online platform operators possessing personal information of more than one million users, who are applying for overseas listing, must apply for cybersecurity review by the Office of Cybersecurity Review.

On 14 November 2021, CAC published the draft Administrative Regulations on Internet Data Security (《網絡數據安全管理條例(徵求意見稿)》) ("**Draft Regulations**"), which provides that, among others, an application for cybersecurity review shall be made by any entity regarded as a "data processing operator" if such entity (i) is an online platform operator in possession of information related to national safety, economic development and public interests which is undergoing merger, restructuring or separation or otherwise affect or might affect national security; (ii) possesses personal information of more than one million users and is contemplating an overseas listing; (iii) is contemplating a listing in Hong Kong and will or might affect national security; or (iv) undertaking any data processing activities which will or might affect national security. As at the Latest Practicable Date, the Draft Regulations was released for public consultation only. Its final version and effective date may be subject to change with uncertainty.

Our PRC Legal Advisers are of the view that based on (i) a phone consultation with the China Cybersecurity Review Technology and Certification Center (中國網路安全審查技術及認證中心) ("**CCRTCC**"), the competent authority responsible for accepting applications for cybersecurity review, which confirms that a listing in Hong Kong does not fall within the definition of "listing in a foreign country" and the Group's proposed listing in Hong Kong is not required to apply for the cybersecurity review under the Cybersecurity Review Measures and Draft Regulations (collectively, "**Cybersecurity Regulations**"); and (ii) the fact that our Group is neither a data processor nor an online platform operator as defined and regulated under the Cybersecurity Regulations, our Group would not be required to apply for a cybersecurity review. In addition, as advised by our PRC Legal Advisers, our Directors confirm that our Group has not been subject to any penalties, investigations or other regulatory procedures from any authorities with respect to cybersecurity, data security, personal information protection or national security, and that our Group has not been required to apply for a cybersecurity review during the Track Record Period and up to the Latest Practicable Date.

Further, as advised by our PRC Legal Advisers, our Directors confirm that our Group had implemented internal rules and procedures as appropriate and necessary on cybersecurity, data security, national security and personal information protection, to ensure its compliance with the Cybersecurity Regulations, if adopted in its current proposed form, in all material aspects, and our Group had not experienced any leakage or loss of material data or personal information, or other events that would otherwise violate applicable laws and regulations on cybersecurity and data protection or have a material adverse impact on its business operation during the Track Record Period and up to the Latest Practicable Date.

Based on the above, our PRC Legal Advisers and our Directors are of the view that the Cybersecurity Regulations, if adopted in its current proposed form, would not have any material adverse impacts on the Group's business operations or the Company's proposed listing in Hong Kong.

Article 10 of the Cybersecurity Review Measures provides that the cybersecurity review focuses on assessing a number of national security risk factors arising from the relevant objects or situations. Our PRC Legal Advisers also advise that our Group is not a critical information infrastructure operator under the Cybersecurity Review Measures and the Security Protection

Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), and our Group does not collect, store and transfer network data in the course of our operations. Therefore, as advised by our PRC Legal Advisers, our Group's business operations or proposed listing in Hong Kong would not give rise to national security risk factors stipulated in Article 10 of the Cybersecurity Review Measures. Our Group's business operations or proposed listing in Hong Kong would not affect national security and our Group is not required to file for cybersecurity review under the Cybersecurity Review Measures.

The Sole Sponsor has (i) discussed with the management of the Company on (a) the impacts of the Cybersecurity Regulations on the Company's business or proposed Listing in Hong Kong; (b) whether the Company's business operations or proposed listing in Hong Kong might give rise to national security risks; (ii) discussed with the Company's PRC Legal Advisers and the Sole Sponsor's PRC Legal Advisers to understand (a) the Cybersecurity Regulations and its impacts on the Company's business or proposed Listing in Hong Kong; and (b) whether the Company's business operations or proposed listing in Hong Kong might give rise to national security risks; and (iii) conducted a phone consultation with the CCRTCC, accompanied by the Company's PRC Legal Advisers, the Sole Sponsor's PRC Legal Advisers and the Sole Sponsor's Hong Kong Legal Advisers, to understand those companies and listing venues subject to the Cybersecurity Regulations and the implications of the Cybersecurity Regulations on the Company's business or proposed Listing in Hong Kong.

Based on the foregoing and advised by the Sole Sponsor's PRC Legal Advisers, nothing has come to the attention of the Sole Sponsor to cast doubt on the Company's PRC Legal Advisers' view that the Cybersecurity Regulations would not have a material adverse impact on the Group's business operations or the Company's proposed listing in Hong Kong and that the Group's business operations or the Company's proposed listing in Hong Kong would not give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures.

V. Foreign Investment and Foreign Exchange Regulation

I Foreign Exchange Regulation

In accordance with the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) which was last amended on 5 August 2008, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but are not freely convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans unless prior approval or registration of the SAFE is obtained.

In accordance with the Administration Rule on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》), which took effect on 1 July 1996, a foreign-funded enterprise is allowed to process the settlement and sale of and payment in foreign exchange for capital account items after submitting valid commercial documents and getting approval from the SAFE. According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which took effect on 1 June 2015, and was partially repealed on 30 December 2019 by Notice of State Administration of Foreign Exchange on Repeal or Invalidation of Five Regulatory Documents on Foreign Exchange Administration and Some Clauses of Seven Regulatory Documents on Foreign Exchange Administration (《國家外匯管理局關於廢止和失效5件外匯管理規範性文件及7件外匯管理規範性文件條款的通知》), certain of the aforementioned approval rights of the SAFE are authorised to designated banks.

Pursuant to the Notice of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Account (《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》) which took effect on 1 June 2015, and the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange Settlement (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which took effect on 9 June 2016, and was partially repealed on 30 December 2019 and 23 March 2023 by Notice of State Administration of Foreign Exchange on Repeal or Invalidation of Five Regulatory Documents on Foreign Exchange Administration and Some Clauses of Seven Regulatory Documents on Foreign Exchange Administration(《國家外匯管理局關於廢止和失效5件外匯管理規範性文件及7件外匯管理規範性文件條款的通知》) and Notice of the State Administration of Foreign Exchange on Repealing and Nullifying 15 Regulatory Documents on Foreign Exchange Control and Adjusting the Provisions of 14 Regulatory Documents on Foreign Exchange Control (《國家外匯管理局關於廢止和失效15件外匯管理規範性文件及調整14件外匯管理規範性文件條款的通知》) respectively, a foreign-funded enterprise whose main business is investment is allowed to make equity investment in PRC using the Renminbi funds converted from its registered capital. Meanwhile, the use of such Renminbi funds converted cannot be:

- directly or indirectly used for the payment beyond the business scope of the enterprises or any payment prohibited by national laws and regulations;
- unless otherwise provided by laws and regulations, directly or indirectly used or investment in securities or other financial products investment (except the bank capital-protection products);

- granting loans to non-related enterprises unless permitted under the scope of business; or
- for construction or purchase of real estate not for self-use, save for real estate enterprises.

In October 2019, the SAFE released the Notice on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which, among others, cancelled the restrictions on the domestic equity investment by non-investment foreign-funded enterprises with their capital funds and non-investment foreign-funded enterprises are allowed to make domestic equity investment with their capital funds in accordance with the law on the premise that the existing special administrative measures for foreign investment admission (Negative List) are not violated and the projects invested thereby in China are true and legitimate.

In addition, foreign-funded enterprises are allowed to settle foreign exchange capitals on a discretionary basis; a foreign-funded enterprise may, according to its actual operating needs, settle the foreign exchange capital in its capital account, which has been confirmed by the relevant foreign exchange bureau for the monetary capital contribution rights and interests (or registered by the bank for the monetary contribution), in bank. For the time being, foreign-funded enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis. The SAFE may adjust the foregoing percentage as appropriate based on prevailing situation of international balance of payments.

In accordance with the Circular of the SAFE on Issues Concerning Foreign Exchange Administration Over the Overseas Investment and Financing and Round-Trip Investment by Domestic Residents via 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 took effect on 4 July 2014, a "special purpose vehicle" refers an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institutions and domestic individual residents) for the purpose of engaging in investment and financing with the domestic enterprise assets or interests he/she/it legally holds, or with the overseas assets or interests he/she/it legally holds. Domestic residents establishing or taking control of a special purpose vehicle abroad which makes round-trip investments in PRC are required to file foreign exchange registration in the local foreign exchange bureau. According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), the initial foreign exchange registration for establishing or taking control of a special purpose vehicle by domestic residents can be filed in the designated bank, instead of the local foreign exchange bureau.

II Foreign Investment Regulation

According to the Provisions on Guiding the Direction of Foreign Investment (《指導外商投資方向規定》), which took effect on 1 April 2002, industries in the PRC are classified into four categories: permitted foreign investment industries, encouraged foreign investment industries, restricted foreign investment industries and prohibited foreign investment industries. The catalogue of encouraged foreign investment industries, restricted foreign investment industries and prohibited foreign investment industries (the "**Catalogue**") are promulgated and amended by the NDRC and the MOFCOM. The Special Administrative Measures for Foreign Investment Admission (Negative List) (《外商投資准入特別管理措施 (負面清單)》), which was last amended on 27 December 2021 and subsequently enforced on 1 January 2022 by the NDRC and the MOFCOM and replaced the Catalogue, sets forth special management measures for the market entry of foreign investors, such as equity requirements and senior manager requirements.

An enterprise established, operating and conducting management within China is subject to the PRC Company Law which is last amended on 26 October 2018. The PRC Company Law is also applicable to foreign-funded enterprises. Nevertheless, where there are other special laws relating to foreign investment, such laws shall prevail.

The procedures for the establishment of a wholly foreign-owned enterprise, the verification, registration and approval procedures, registered capital requirements, foreign exchange restrictions, accounting practices, taxation and labour matters are subject to the Law on Wholly Foreign-invested Enterprises of the PRC (《中華人民共和國外資企業法》), which was last amended on 3 September 2016 and subsequently enforced on 1 October 2016 and the Implementation Regulations for Law on Wholly Foreign-invested Enterprises of the PRC (《中華人民共和國外資企業法實施細則》), which was last amended on 19 February 2014 and subsequently enforced on 1 March 2014 and Provisional Administration Measures for the Registration of the Formation and Changes of Foreign-funded Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) (the "**Measures**") which was last amended on 29 June 2018 and subsequently enforced on 30 June 2018.

According to the Measures, where the incorporation of foreign-invested enterprises does not fall within the scope of the Negative List, such enterprises shall file and submit the record-filing information on the incorporation of foreign-invested enterprises simultaneously when they go through the registration procedures for incorporation. If changes occur related to basic information of the foreign-invested enterprises or their investors, a change of equity (shares) or cooperation interest of the foreign-invested enterprises, merger, division or dissolution, mortgage or transfer of foreign-funded enterprises' property or rights and interests to others and other matters, a foreign-invested enterprise within the record-filing scope of the Measures shall submit the relevant documents online within 30 days upon occurrence of such changes via the comprehensive administrative system.

On 30 December 2019, the MOFCOM and the State Administration of Market Regulation issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on 1 January 2020 and replaced the aforementioned Measures. Since 1 January 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to the Measures.

On 15 March 2019, the NPC approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which became effective on 1 January 2020, and replaced the Sino-foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprises Law (《中華人民共和國外資企業法》). On 26 December 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on 1 January 2020, and replaced the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法實施條例》), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-Invested Enterprise Law (《中華人民共和國外資企業法實施細則》), and the Regulations on Implementing the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法實施細則》).

Under the Foreign Investment Law, the State shall implement the management systems of pre-establishment national treatment and negative list for foreign investment, according to which the treatment given to foreign investors and their investments during the investment access stage shall not be lower than that given to their domestic counterparts, and the State shall give national treatment to foreign investment beyond the negative list where special administrative measures for the access of foreign investment in specific fields is specified. Besides, the State shall protect foreign investors' investment, earnings and other legitimate rights and interests within the territory of China in accordance with the law. The state will take measures to promote foreign investment such as ensuring fair competition for foreign-invested enterprises to participate in government procurement activities, and protecting the intellectual property rights of foreign investors and foreign-invested enterprises.

VI. Environmental Protection Regulation

Pursuant to the Environmental Impact Evaluation Law of the PRC (《中華人民共和國環境影響評價法》) (promulgated on 28 October 2002, revised and implemented on 29 December 2018), the PRC Government set up an environmental impact evaluation system to classify and administer the environmental impact of construction projects evaluations in accordance with the degree of environmental impact bought by construction projects. The construction entity shall prepare an environmental impact report, an environmental impact report form or fill in and submit an environmental impact registration form according to the following requirements:

(a) an environmental impact report should be prepared to assess such environmental impact in an overall manner if a construction project may have a material environmental impact;

(b) an environmental impact report form should be prepared to analyse or assess in respect of a special item which will produce an environmental impact if a construction project may have a minor environmental impact;

(c) no environmental impact assessment is required if a construction project has a minimum environmental impact, but an environmental impact registration form should be completed. The environmental impact assessment documents for the construction project have been prepared and published by the environmental protection administrative department under the State Council.

VII. Industrial Policy and Planning

The Notice on Issues Concerning Preferential Enterprise Income Tax Policies for Software and Integrated Circuit Industries (Cai Shui [2016] No. 49) (《關於軟件和集成電路產業企業所得稅優惠政策有關問題的通知》(財稅[2016]49號)) was issued by the MOF, the SAT, NDRC and MIIT of the People's Republic of China on 4 May 2016, in which the cancellation of the "Double Soft Certification", which refers to the recognition of software enterprises and the registration of software products, was confirmed and the corporate income tax preferential policies for integrated circuit production enterprises, integrated circuit design enterprises, software enterprises, key software enterprises in the national planning and layout and integrated circuit design enterprises were specifically implemented.

On 16 March 2016, the NPC adopted the Outline of the 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》), focusing on breakthroughs in key technologies of big data and cloud computing, autonomous and controllable operating systems, high-end industrial and large-scale management software, and artificial intelligence technologies in emerging fields.

On 15 December 2016, the State Council announced the Notice of the State Council on Promulgation of National Informatisation under the 13th Five-Year Plan (Guo Fa [2016] No. 73) (《國務院關於印發「十三五」國家信息化規劃的通知》(國發[2016] 73號)), which pointed out to strengthen the advanced layout of strategic cutting-edge technology, such as advanced layout of cutting-edge technology, disruptive technology, enhanced quantum communication, future network, brain like computing, artificial intelligence, holographic display, virtual display, big data cognitive analysis, new non-volatile storage, driverless vehicles, blockchain and gene editing and other new technology foundations research and development and cutting-edge layout.

On 18 December 2016, the MIIT issued the Notice of the MIIT on Issuing the Development Plan on the Software and Information Technology Service Industry (2016-2020) (MIIT Regulation [2016] No. 425) (《工業和信息化部關於印發軟件和信息技術服務業發展規劃 (2016-2020年)的通知》 (工信部規[2016]425號)), which pointed out the need to speed up the construction of manufacturing power and cyber power, and promote the software and information technology service industry to be stronger.

On 27 July 2016, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council of the PRC issued the Outline on the National Informatisation Development Strategy (《國家信息化發展戰略綱要》), adjusting and developing the 2006-2020 National Informatisation Development Plan (《2006-2020年國家信息化發展戰略》) in accordance with the new situation, standardising and guiding the national informatisation development in the next ten years; adapting to and leading the new normal of economic development, enhancing the new driving force for development and putting informatisation throughout China's modernisation process, accelerating the release of the great potential of informatisation development; driving modernisation with informatisation and building a cyber power.

On 30 March 2017, the MIIT promulgated the Three-year Action Plan on Development of Cloud Computing (2017-2019) (《雲計算發展三年行動計劃 (2017-2019年)》), which aims to increase the industrial scale to RMB430 billion by 2019, reach the international advanced level of cloud computing service capacity, and greatly improve the level of informatisation in various economic and social fields through cloud computing.

On 23 July 2018, the MIIT issued the Guidelines for Encouraging Enterprise Cloud Migration (2018-2020) (《推動企業上雲實施指南 (2018-2020年)》), aiming to further optimise the cloud environment for enterprises by 2020, and significantly improve the awareness and enthusiasm of enterprises and industries for cloudifying; more than one million cloudified enterprises arose nationwide, and there are more than 100 typical benchmarking application cases.

The Notice on Earnestly Implementing of the Circular of the MIIT on the Administration of Computer Information System Integration Industry(《關於貫徹落實工信部〈關於計算機信息系統集成行業管理有關事項的通告〉的通知》) was released by the PRC IT Industry Federation on 18 January 2019, which abolished the Notice on the Release of the Provisional Measures on the Administration of Information System Integration and Service Qualification Recognition (《關於發佈《信息系統集成及服務資質認定管理辦法(暫行)》的通知》), and the Notice on the Release of the Provisional Measures on Information System Integration Qualification Rating Conditions (《關於發佈〈信息系統集成資質等級評定條件(暫行)〉的通知》). Since the date of the release, the Notice on Issuance of the Provisional Administrative Measures on Information System Integration and Service Qualification Recognition (Zhong Dian Lian Zi [2015] No. 1) (《關於發佈〈信息系統集成及服務資質認定管理辦法(暫行)〉的通知》(中電聯字[2015]1號)) and the Notice on Issuance of the Provisional Qualification Grade Assessment Conditions for Information System Integration (Zhong Dian Lian Zi [2015] No. 2) (《關於發佈信息系統集成資質等級評定條件(暫行)》(中電聯字[2015]2號)) were annulled. At the same time, the authorisation of all evaluation institutions shall be cancelled, and the authorised institutions shall not engage in any activities related to qualification recognition.

Pursuant to the Circular of the MIIT on the Administration of Computer Information System Integration Industry (Provision No. [2018] 507 of the MIIT) (《工業和信息化部關於計算機信息系統集成行業管理有關事項的通告》(工信部信軟函[2018]507號文), according to the reform requirements of "streamline the government, delegate power, and improve government services" of the State Council, the "Computer Information System Integration Enterprise Qualification Accreditation" was specifically cancelled by the State Council in 2014, and no organisation or institution is allowed to continue to implement it. Problems mentioned above should be corrected immediately once occur to ensure that the State Council's reform requirements of "streamline the government, delegate power, and improve government services" are fully implemented.

On 17 May 2019, the MOF and the SAT issued the Notice on Enterprise Income Tax Policies for the Integrated Circuit Design and Software Industries (《關於集成電路設計和軟件產業企業所得稅政策的公告》), pursuant to which, eligible integrated circuit design enterprises and software enterprises are still entitled to enjoy the preferential policy of "full exemption from EIT for the first two years and a 50% reduction for the three years".

On 27 July 2020, the State Council issued the Several Policies to Promote the High-quality Development of the Integrated Circuit Industry and the Software Industry in the New Era (《新時期促進集成電路產業和軟件產業高質量發展若干政策》), emphasising that the integrated circuit industry and the software industry are the core of the information industry and the key force leading a new round of scientific and technological revolution and industrial reform. To further optimise the environment for developing the integrated circuit industry and software industry, deepening industrial international cooperation, and improving the innovation capacity and development quality of the industries, policies and measures in eight areas, including finance and taxation, investment and financing, research and development, import and export, human resources, intellectual property rights, market application, and international cooperation, have been formulated and introduced. Systems and mechanisms are subject to further innovation, the development of the integrated circuit industry and the software industry need encouragement, and enterprises in the field of integrated circuits and software should be vigorously incubated. It is also needed to strengthen the development of integrated circuits and software majors, accelerate the establishment of first-level disciplines in integrated circuits, and support the integrated development of production and education. We must strictly implement the intellectual property protection system and increase the punishment for intellectual property infringement in integrated circuits and software. We should promote industrial agglomeration, regulate industrial market order, and actively carry out international cooperation. All integrated circuit enterprises and software enterprises established within China, regardless of the nature of ownership, are entitled to enjoy the relevant policies according to regulations. Global cooperation in the integrated circuit industry and software industry is encouraged and advocated, and a market-based, law-based and international business environment is being actively created for all types of market players to invest and do business in China.

VIII. Regulations Relating to Overseas Securities Offering and Listing by Domestic Companies

On 17 February 2023, the CSRC promulgated Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and five supporting guidelines (together, the "**New Regulations**"), which became effective on 31 March 2023. On the same day, the CSRC also issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestics Companies (《關於境內企業境外發行上市備案管理安排的通知》) (the "**Notice**"). The New Regulations will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of the PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestics companies' securities by adopting a filing-based regulatory regime.

The New Regulations apply to overseas securities offering and listing activities by domestic companies either in direct or indirect form. Direct overseas offering and listing by domestic companies refers to such overseas offering and listing by a joint-stock company incorporated domestically. Indirect overseas offering and listing by domestic companies refers to such overseas offering and listing by a company in the name of an overseas incorporated entity, whereas the company's major business operations are located domestically and such offering and listing is based on the underlying equity, assets, earnings or other similar rights of a domestic company. For the purpose of the Trial Measures, securities refer to equity shares, depository receipts, corporate bonds convertible to equity shares, and other equity securities that are offered and listed overseas, either directly or indirectly, by domestic companies.

According to the New Regulations, any overseas offering and listing made by an issuer that meets both the following conditions will be determined as indirect: (1) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by domestic companies; and (2) the main parts of the issuer's business activities are conducted in the Mainland China, or its main places of business are located in the Mainland China, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in the Mainland China. The determination as to whether or not an overseas offering and listing by domestic companies is indirect, shall be made on a substance over form basis.

It is stipulated that under any of the following circumstances, an overseas listing shall not be allowed: (1) there are circumstances in which national laws, regulations and relevant provisions explicitly prohibit listing and financing; (2) the overseas issuance or listing threatens or endangers national security as reviewed and determined by the relevant competent departments of the State Council in accordance with the law; (3) the domestic enterprise and its controlling shareholder or actual controller have committed corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order in the recent three years; (4) the domestic enterprise is being investigated by judiciary for suspected crimes or are being investigated for major violations of laws and regulations and no definite conclusions have been reached; (5) there are major ownership disputes over equity rights held by the controlling shareholder or the shareholder governed by the controlling shareholder or the actual controller.

Based on the New Regulations, initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas.

On 19 July 2023, the CSRC issued the Notice of Filing on the Overseas Offering and Listing of Maiyue Technology Limited (Guo He Han [2023] No. 966), confirming the filing information of the Company's overseas securities offering. As advised by our PRC Legal Advisers, we have completed the relevant filings before the Listing in Hong Kong pursuant to the New Regulations and our Directors are of the view that New Regulations would not have material adverse impact on our Group's business or Listing in Hong Kong.

IX. Other Laws and Regulations

(I) Taxation Regulation

1. Corporate Income Tax

According to the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) which came into effect on 1 January 2008 and was last revised on 29 December 2018, and the Implementation Regulations of the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) which came into effect on 1 January 2008 and was last revised on 23 April 2019 (collectively referred to as the "**Corporate Income Tax Law**"), taxpayers include resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise established in China in accordance with the PRC laws, or an enterprise established in accordance with foreign (regional) laws but whose actual management organisation is a domestic enterprise. A non-resident enterprise refers to an enterprise that is established in accordance with foreign (regional) laws and whose actual management organisation is not located in China, but (i) has established an organisation or premise in China, or (ii) has generated income from China if it has note established an organisation or premise in China. According to the Corporate Income Tax Law, foreign-funded enterprises in China must pay corporate income tax at a flat rate of 25%. If a non-resident enterprise has not established an organisation or premise in China, or if it has established an organisation or premise but the income received has no actual connection with the organisation or premise it has established, it shall pay withholding tax at a rate of 10% on its income from China.

The Notice on the Relevant Issues Regarding the Recognition of Overseas-registered Chinese-funded Holding Enterprises as Resident Enterprises According to the Standards of Actual Management Organisation (《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 and last revised on 29 December 2017 sets out the standards and procedures for determining whether the "actual management organisation" of an enterprise registered outside of China and controlled by a Chinese enterprise or an enterprise controlled by Chinese enterprise group is located in China.

According to the Corporate Income Tax Law, high-tech enterprises that have independent intellectual property rights and comply with corporate income tax rules and other relevant laws and regulations will enjoy the preferential corporate income tax rate of 15%. The Measures for the Recognition and Administration of High-tech Enterprises (《高新技術企業認定管理辦法》) jointly promulgated by the Ministry of Science and Technology, the MOF and the SAT on 14 April 2008, and retroactively effective on 1 January 2008, and revised on 29 January 2016 and retrospectively effective on 1 January 2016 provides the detailed standards and procedures for the administration and recognition of high-tech enterprises.

2. Value-added Tax

According to the Provisional Regulations of the People's Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例》) which was implemented on 1 January 1994 and was last revised on 19 November 2017, and the Detailed Rules for the Implementation of the Interim Provisions of the People's Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was last revised on 28 October 2011 and was implemented thereafter on 1 November 2011, all enterprises and individuals that sell goods, provide processing, repair and repair services, and import goods within the territory of China shall pay value-added tax. According to the Notice on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》) that came into effect on 1 May 2016, the pilot work of the collection of value-added tax in lieu of business tax was expanded to nationwide sales services, intangible assets or real estate.

According to the Notice of the MOF and the SAT on the Adjustment of VAT rates (《財政部、稅務總局關於調整增值稅稅率的通知》) that were revised and took effect on 1 May 2018, for taxpayers engaged in taxable sales of VAT or imported goods, where the tax rates originally applied to 17% and 11%, the tax rates shall be adjusted to 16% and 10% respectively, and shall further be adjusted to 13% and 9% in accordance with the Announcement of the MOF, the SAT and the General Administration of Customs on Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) that took effect on 1 April 2019.

3. Urban Maintenance and Construction Tax and Educational Surcharges

According to the Interim Provisions on Levying Educational Surcharges (《徵收教育費附加的暫行規定》) which was last revised on 8 January 2011, all entities and individuals that pay consumption tax, value-added tax and business tax shall pay educational surcharges. Educational surcharges shall be calculated and levied based on the amount of value-added tax, business tax and consumption tax actually paid by each entity or individual, and the rate of educational surcharges is 3%, which shall be paid together with value-added tax, business tax and consumption tax. According to Urban Maintenance and Construction Tax Law of People's Republic of China （《中華人民共和國城市維護建設稅法》） which became effective on 1 September 2021, any entity or individual that pays consumption tax, value-added tax and business tax shall pay urban maintenance and construction tax. Urban maintenance and construction tax shall be calculated and levied based on the amount of consumption tax, value-added tax and business tax actually paid by the taxpayer, and shall be paid together with the consumption tax, value-added tax and business tax. The urban maintenance and construction tax rates shall be 7%, 5% and 1% for taxpayers located in the urban areas, counties or towns, or not in the urban areas, counties or towns, respectively.

4. Dividend Tax

Under the Corporate Income Tax Law, income from equity investments (such as dividend and bonus) among qualified Chinese resident enterprises, i.e. investment income derived by a resident enterprise from direct investment in another resident enterprise, is exempted from tax.

In addition, according to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Tax Evasion 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》) that were revised and took effect on 21 August 2006 in China, a Chinese resident enterprise shall pay income tax in accordance with the PRC laws when distributing dividends to its Hong Kong shareholders. However, if the beneficiary of such dividend is a Hong Kong resident enterprise and holds not less than 25% of the equity interests directly in the said enterprise (i.e. the dividend carrier), it shall pay tax on dividends distributed at a rate of 5%.

According to the Notice of the SAT on Issues Concerning the Implementation of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協議股息條款有關問題的通知》) implemented on 20 February 2009, the following conditions shall also be satisfied to enjoy the preferential tax rate under this tax agreement: (i) the tax resident to receive dividends under the tax agreement shall be limited to the company; (ii) the proportion of equity interests and voting shares directly owned by the tax resident in such Chinese resident company shall comply with the proportion specified in the tax agreement; and (iii) the equity interests directly owned by the tax resident in such Chinese resident company shall comply with the proportion specified in the tax agreement at any time within 12 consecutive months prior to the receipt of the dividend. The Notice on Issues Concerning 'Beneficial Owners' in Tax Agreements (《關於稅收協定中「受益所有人」有關問題的公告》) promulgated by the SAT on 3 February 2018 and took effect on 1 April 2018, provides clearer guidance and adopts comprehensive assessment method to determine whether a beneficial owner is eligible for the preferential tax rate on dividends.

According to the Circular on Expanding the Applicable Scope of the Policy of Temporarily Not Levying the Withholding Income Tax on Distributed Profits Used by Foreign Investors for Direct Investment (《關於擴大境外投資者以分配利潤直接投資暫不徵收預提所得稅政策適用範圍的通知》) effective on 1 January 2018, if the profits distributed by Chinese domestic resident enterprises to foreign investors are directly invested in prohibited categories and investment projects that meet certain conditions, such projects shall be subject to deferred tax and temporary exemption of withholding income tax.

(II) Labour and Social Security Regulation

According to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) (promulgated on 5 July 1994, and revised on 27 August 2009 and 29 December 2018), a company must sign labour contracts with its employees through negotiations on the principle of fairness. A company shall establish and improve the labour and health system, strictly implement the national rules and standards on labour safety and health, and provide labour safety and health education to workers to prevent accidents in the labour process and reduce occupational hazards. In addition, a company shall also make social insurance contributions for their employees.

1. Labour Contract

The Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) (promulgated on 29 June 2007, revised on 28 December 2012, and re-effective on 1 July 2013) is the major law governing the labour contract relationship between companies and employees and according to the labour contract law, the employer establishes an employment relationship with the employee from the date of employment. The employer shall sign a written labour contract with its employees. In addition, the probation period and the calculation of damage compensation are restricted by law to ensure the legitimate rights and interests of workers.

2. Social Insurance and Hosing Provident Fund

In accordance with the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) implemented on 1 July 2011 and last revised on 29 December 2018, the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳

暫行條例》) implemented on 22 January 1999 and last revised on 24 March 2019, the Decision of the State Council on Establishing the Urban Employees' Basic Medical Insurance System (《國務院關於建立城鎮職工基本醫療保險制度的决定》) implemented on 14 December 1998, the Decision of the State Council on Establishing a Unified Basic Pension Insurance System for Enterprise Employees (《國務院關於建立統一的企業職工基本養老保險制度的决定》) implemented on 16 July 1997, the Regulations on Work-related Injury Insurance (《工傷保險條例》) revised on 20 December 2010 and implemented on 1 January 2011, the Regulations on Unemployment Insurance (《失業保險條例》) implemented on 22 January 1999, the Trial Measures for the Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》) implemented on 1 January 1995 and the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) implemented on 3 April 1999 and last revised on 24 March 2019, employers shall pay the premiums for basic medical insurance, basic endowment insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident fund for their employees. If the employer does not apply for social insurance registration, it may be ordered by the social insurance administrative department to make corrections within a time limit; a fine may be imposed on those who fail to make corrections within the time limit. If the employer fails to pay the social insurance premiums on time and in full, it may be ordered by the social insurance premium collection agency to pay or make up the payment within a time limit, and be charged a late fee; a fine may be imposed on those who fail to pay such premiums. If the employer fails to register for the housing provident fund, it may be ordered by the housing provident fund management centre to make a deposit within a time limit in accordance with relevant laws and regulations; if the employer fails to make the payment within the time limit, it may be enforced by the people's court.

According to the Reform Scheme of Tax Collection and Management System of State Tax and Local Tax (《國稅地稅徵管體制改革方案》) which took effect on 20 July 2018, the social insurance collection and management authority was to be transferred from the Ministry of Human Resources and Social Security (人力資源和社會保障部) to the SAT from 1 January 2019. On 18 September 2018, the general meeting of State Council announced that the policies for social insurance shall remain unchanged until the transfer of the authority for social insurance has been completed. On 21 September 2018, the Ministry of Human Resources and Social Security of People's Republic of China released an Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilisation 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》) and required that the policies for both the rate and basis of social insurance contributions shall remain unchanged until the reform on the transfer of the authority for social insurance has been completed. On 16 November 2018, the SAT released the Notice of Certain Measures on Further Supporting and Serving the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措

施的通知》), which provided that the policy for social insurance shall remain stable and the SAT will pursue to lower the social insurance contribution rates with the relevant authorities, and ensure the overall burden of social insurance contribution on enterprises will be lowered.

(III) Intellectual Property Regulation

1. Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) (promulgated on 23 August 1982, last revised on 23 April 2019 and re-effective on 1 November 2019) and the Implementation Regulations for Trademark Law of PRC (《中華人民共和國商標法實施條例》) (Order of the State Council No. 651, which took effect on 15 September 2002, revised on 29 April 2014 and became effective on 1 May 2014), the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to goods for which the use has been approved. The period of validity of a registered trademark shall be ten years, counted from the day the registration is approved. The use of a trademark that is identical with or similar to a registered trademark in connection with the same or similar goods without the authorisation of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, cease the infringement, take remedial actions, and pay the damages.

2. Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) (promulgated on 12 March 1984, last revised on 17 October 2020 and re-effective on 1 June 2021) and the Implementation Rules for the Patent Law of the PRC (中華人民共和國專利法實施細則) (Order of the State Council No. 569, effective on 1 July 2001, revised on 9 January 2010 and effective on 1 February 2010), after the grant of the patent right for an invention and utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorisation of the patent owner, exploit the patent, that is, for production or business purposes, to manufacture, use, offer to sell, sell or import the patented product, or use the patented process, and use, offer to sell, sell or import any product which is a direct result of the use of the patented process. After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, to manufacture, offer to sell, sell, or import any product containing the patented design. Where the infringement of a patent is identified, the infringer shall, in accordance with the regulations, be ordered to cease the infringement, take remedial actions, and pay the damages etc.

3. Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) (adopted on 7 September 1990, last revised on 11 November 2020 and effective on 1 June 2021), a Chinese citizen, legal person or other organisation is entitled to the copyright thereunder for any works, whether published or not, that are originated by them. Works include literary works; oral works; music, theatre, opera, dance and acrobatic works; art and architecture works; photograph works; film works and any works created through a process similar to cinematography; engineering design diagrams, product design graphics, maps, sketches and other graphic works and model works; computer software; and other works as provided by laws and administrative regulations.

Pursuant to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) (promulgated on 20 December 2001, last revised on 30 January 2013 and effective on 1 March 2013), the software copyright shall come into being on the day of the completion of development. For the software copyright of a legal person or other organisation, the term of protection is 50 years, ending on 31 December of the fiftieth year after the first publication of the software, however, these regulations will no longer protect the software if it has not been published within 50 years since the completion of development. The software copyright owners may make registration at the software registration organs accredited by the administrative department of copyright under the State Council. The certificates of registration issued by the software registration organs shall be the preliminary certification of the registered matters. On 20 February 2002, the National Copyright Administration of the PRC issued the Measures on Registration of Copyright for Computer Software (《計算機軟件著作權登記辦法》), the Copyright Protection Centre of China (中國版權保護中心) is the software registration agency.

4. Regulations on Internet Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), which took effect on 1 November 2017 and the Implementation Rules on Registration of National Domain Names (《國家頂級域名註冊實施細則》), the Measures on Dispute Resolution of National Domain Names (《國家頂級域名爭議解決辦法》), the Proceeding Rules on Dispute Resolution of National Domain Names (《國家頂級域名爭議解決程序規則》), which took effect on 18 June 2019, domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

(IV) Regulations on leasing

According to the Urban Real Estate Management Law of the PRC (《中華人民共和國城市房地產管理法》), which came into effect on 1 January 1995 and was last amended on 26 August 2019, and Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which came into effect on 1 February 2011, within 30 days after the conclusion of a housing lease contract, the parties to the housing lease shall go to the construction (real estate) department of the people's government of the municipality, city or county where the leased housing is located to apply for housing lease registration.

(V) Regulations on fire control

The Fire Control Law of the PRC (《中華人民共和國消防法》), which came into effect on 29 April 2021, imposes requirements on fire services in terms of fire prevention, rescue, supervision and inspection. Enterprises should comply with the requirements of the Fire Control Law and educate their personnel on fire control.

(VI) Regulations on government procurement

According to the Government Procurement Law of the PRC (《中華人民共和國政府採購法》) (the "**Government Procurement Law**"), which came into effect on 1 January 2003 and last revised on 31 August 2014, and Regulations for Implementation of the Government Procurement Law of the PRC (《中華人民共和國政府採購法實施條例》), which came into effect on 1 March 2015, public bidding should be designated as the primary form of government procurement. Article 2 of the Government Procurement Law stipulates that, for the purposes of this Law, the term "government procurement" means the use of fiscal funds by all levels of state authorities, institutions and social organisations to procure goods, projects and services that fall within the catalogue for centralised procurement formulated in accordance with the law or that are above the procurement limits.

Government procurement shall follow a specific procedure and the relevant parties are prohibited from colluding with each other to infringe upon state interests, the public interests of society, or the legitimate rights and interests of others involved or excluding other suppliers from competition by any means whatsoever. Suppliers are also prohibited from winning a bid or concluding any transaction by offering a bribe or by any other illicit means towards the procurement party, procurement agency, member of the bid appraisal committee, member of the competitive negotiation team, or member of the inquiry team.

OUR HISTORY

Our history traces back to 2003 when we, through Nanning Maiyue, started to engage in the provision of IT services in Guangxi. We expanded our business and began offering integrated IT solutions services to customers in the education sector in Guangxi in 2010. In 2015, leveraging our technology capabilities, we began to primarily focus on the provision of integrated IT solutions services to customers in the education sector for the purpose of digitalised campus development and our self-developed products. In 2018, we replicated our operation model in the education sector to the government sector with an aim to assist customers in the government sector in relation to digitalised government development. In 2019, we formed Shuguang Maiyue, an associate company of our Group upon its establishment which subsequently became our non-wholly owned subsidiary in April 2021, with Digital Guangxi, with an aim to support our long term growth.

Leveraging the experience and knowledge of Mr. Li, our executive Director, chief executive officer and Chairman, who has been a senior management of Nanning Maiyue since 2003 and a director of Nanning Maiyue since 2007, and Mr. Wang, Ms. Deng and Mr. Zhang, our executive Directors who have joined our Group since 2008, 2011 and 2006, respectively, our Group has experienced steady growth. See "Directors and Senior Management — Directors — Executive Directors" for the biography of Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang. We have now developed into an integrated IT solutions services provider in Guangxi, providing customised integrated IT solutions services to cater for the specific requirements of our customers. We have undertaken numbers of integrated IT solutions projects, including landmark projects such as the Big Data Platform (大數據平台) in Beibu Gulf University (北部灣大學), the public class learning centre (公共課學習中心) and the virtual reality innovation laboratory (虛擬現實創新實驗中心) in Guangxi University and the informatisation project of Guangxi Modern Polytechnic College (廣西現代職業技術學院) and the digitalisation and informatisation project of Qingxiu District Government Service Centre (青秀區政務服務中心), all located in Guangxi. We are a technology-driven company with research and development capability. We have a research and development team with two research and development centres located in Nanning and Chengdu, respectively. Our continuous research and development efforts have led to (i) two of our major operating subsidiaries, Nanning Maiyue and Guangxi Silunjie, being recognised as a "High and New Technology Enterprise (高新技術企業)" by the relevant PRC government authorities in November 2016 (renewed in October 2022) and November 2019, respectively; (ii) a number of awards and recognitions received at both regional and national levels, including our "Maiyue Big Data Digitalised Campus Platform (邁越大數據智慧校園平台)" was selected into the list of 2022 pilot demonstration projects for the development of the big data industry (2022年大數據產業發展試點示範項目名單) in August 2022 by the MIIT and ranked first among 59 national enterprises selected under the category of "Service Industry Big Data Applications (服務業大數據應用)", and Nanning Maiyue was awarded the "National Intellectual Property Advantage Enterprise (國家知識

產權優勢企業)" by the China National Intellectual Property Administration in September 2022; (iii) a number of subsidies received in recognition of our research and development capability; and (iv) a number of patented technological know-hows.

BUSINESS MILESTONES

The following table sets out a summary of the key business and corporate development milestones of our Group:

Year	Events
2003	Our first operating subsidiary, Nanning Maiyue, was established
	We began to provide IT services in Guangxi
2010	Our second operating subsidiary, Guangxi Yuchang, was established
	We expanded our business and began to provide integrated IT solutions services to customers in the education sector
2015	We began to provide integrated IT solutions services to customers in the education sector for the purpose of digitalised campus development
	We establish a research and development centre in Nanning City, Guangxi
2016	Nanning Maiyue first obtained the qualification of "High and New Technology Enterprise (高新技術企業)" from Guangxi Zhuang Autonomous Region Science and Technology Department (廣西壯族自治區科學技術廳)
2017	Our third operating subsidiary, Guangxi Silunjie was established
	We launched our self-developed product, Maiyue Big Data Digitalised Campus Platform v1.0 (邁越大數據智慧校園平台v1.0)
	Guangxi Silunjie received the National Encouraging Industry Certification (國家鼓勵類產業認定) from Nanning Development and Reform Commission (南寧市發展和改革委員會)
	Nanning Maiyue was recognised as Nanning Recognised Enterprise Technology Centre (南寧市認定企業技術中心) by Nanning Industry and Information Commission (南寧市工業和信息化委員會)

Year	Events
2018	We started to provide integrated IT solutions services to customers in the government sector for the purpose of digitalised government development
	We established a research and development centre in Chengdu, Sichuan province
	Nanning Maiyue was recognised as "Guangxi Zhuang Autonomous Region Enterprise Technology Centre" (廣西壯族自治區企業技術中心) in Guangxi by Guangxi Zhuang Autonomous Region Industry and Informatisation Commission (廣西壯族自治區工業和信息化委員會), Guangxi Zhuang Autonomous Region Science and Technology Department (廣西壯族自治區科學技術廳), Guangxi Zhuang Autonomous Region Development and Reform Commission (廣西壯族自治區發展和改革委員會), Guangxi Zhuang Autonomous Region Finance Department (廣西壯族自治區財政廳), Guangxi Zhuang Autonomous Region Tax Department (廣西壯族自治區税務局) and Nanning Customs Department (南寧海關)
2019	Shuguang Maiyue, was formed by Guangxi Silunjie with Digital Guangxi as an associate company of our Group
	Guangxi Silunjie obtained the qualification of "High and New Technology Enterprise (高新技術企業)" from Guangxi Zhuang Autonomous Region Science and Technology Department (廣西壯族自治區科學技術廳)
	Nanning Maiyue received the National Encouraging Industry Certification (國家鼓勵類產業認定) from Nanning Development and Reform Commission (南寧市發展和改革委員會)
2020	The research and development centre of Nanning Maiyue received certification of "Capability Maturity Model Integration (CMMI) Development v1.3 Maturity Level 3" from the CMMI Institute
2021	Shuguang Maiyue became a non-wholly owned subsidiary of our Group
2022	Guangxi Qianyue was established by Nanning Maiyue and Guangxi Qianlong Education Technology Co., Ltd. (廣西千龍教育科技有限責任公司) as a project company for the development of a business park. We own 19% of Guangxi Qianyue's equity interest and treat it as a financial asset

CORPORATE HISTORY AND DEVELOPMENT

We set out below the corporate history and shareholding changes of our major operating subsidiaries, joint venture company and associate company.

Nanning Maiyue

Nanning Maiyue was established in the PRC as a limited liability company on 13 March 2003 with a registered and paid up capital of RMB300,000. It is principally engaged in provision of integrated IT solutions services. Upon its establishment, Nanning Maiyue was held as to 50%, 30% and 20% by Ms. Yang Shengfeng (楊聖鳳) ("**Ms. Yang**"), Ms. Wan Peiqi (萬裴琦) ("**Ms. Wan**") and Mr. Zhuo Dongxiang (卓東祥) ("**Mr. Zhuo**"), respectively, all of which are independent third parties.

On 3 May 2011, the registered capital of Nanning Maiyue increased from RMB300,000 to RMB1.0 million. Mr. Li contributed RMB700,000 as capital contribution. Immediately after such capital contribution, Nanning Maiyue was held as to 70%, 15%, 9% and 6% by Mr. Li, Ms. Yang, Ms. Wan and Mr. Zhuo, respectively. On 19 December 2013, the registered capital of Nanning Maiyue further increased from RMB1.0 million to RMB5.1 million. Mr. Li contributed RMB4.1 million as capital contribution. Immediately after such capital contribution, Nanning Maiyue was held as to 94.1%, 2.9%, 1.8% and 1.2% by Mr. Li, Ms. Yang, Ms. Wan and Mr. Zhuo, respectively.

On 5 June 2015, Mr. Li transferred (i) RMB1,275,000 registered and paid up capital to Mr. Wang; (ii) RMB765,000 registered and paid up capital to Ms. Deng; and (iii) RMB108,000 registered and paid up capital to Mr. Zhang; Ms. Yang transferred RMB150,000 registered and paid up capital to Mr. Zhang; Ms. Wan transferred RMB90,000 registered and paid up capital to Mr. Zhang; and Mr. Zhuo transferred RMB60,000 registered and paid up capital to Mr. Zhang. All the above transfers were made with reference to the then registered and paid up capital of Nanning Maiyue. Immediately after such equity transfers, Nanning Maiyue was held as to 52%, 25%, 15% and 8% by Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang, respectively.

Guangxi Yuchang

Guangxi Yuchang was established in the PRC as a limited liability company on 15 November 2010 with a registered and paid up capital of RMB1.0 million. It is principally engaged in provision of integrated IT solutions services. Upon its establishment, Guangxi Yuchang was held as to 70% and 30% by Mr. Li and Mr. Wang, respectively.

On 26 December 2014, the registered capital of Guangxi Yuchang increased from RMB1.0 million to RMB5.0 million. Mr. Li contributed RMB2.55 million and Mr. Wang contributed RMB1.45 million as capital contribution. Immediately after such capital contribution, Guangxi Yuchang was held as to 65% and 35% by Mr. Li and Mr. Wang, respectively.

In relation to the equity interests in Guangxi Yuchang, Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang confirmed that they were beneficially held as to 52%, 25%, 15% and 8% by Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang, respectively. Such shareholding percentages were agreed by Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang as they considered that their respective beneficial interests in Guangxi Yuchang, Nanning Maiyue and Guangxi Silunjie should be aligned given that the companies were commonly controlled and managed by them. However, since Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang at the material time focused on the daily business operations of the Group, and Mr. Li and Mr. Wang were considered to be entrusted persons by Ms. Deng and Mr. Zhang, they did not undergo the relevant registration formalities. Such shareholdings were put in place at the time of the transfer of the equity interests in Guangxi Yuchang to Guangxi Silunjie as one of the Reorganisation steps. See "— Reorganisation — 1. Transfer of Nanning Maiyue and Guangxi Yuchang to Guangxi Silunjie" for further details of the equity transfer.

Guangxi Silunjie

Guangxi Silunjie was established in the PRC as a limited liability company on 25 October 2017 with a registered and paid up capital of RMB5.1 million. It is principally engaged in software development and provision of integrated IT solutions services. Upon its establishment, Guangxi Silunjie was held as to 52%, 25%, 15% and 8% by Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang, respectively.

Shuguang Maiyue

Shuguang Maiyue was established in the PRC as a limited liability company on 10 October 2019 with a registered capital of RMB50 million. It is principally engaged in software development and provision of integrated IT solutions services. Upon its establishment, Shuguang Maiyue was held as to 49% and 51% by Guangxi Silunjie and Digital Guangxi, respectively.

Shuguang Maiyue had been an associate company of our Group since its establishment and at the material time during the Track Record Period. See Note 15 in the Accountants' Report in Appendix I to this prospectus for further details.

On 21 April 2021, we entered into a capital contribution agreement, pursuant to which the registered capital of Shuguang Maiyue increased from RMB50 million to RMB52,041,000 and Guangxi Silunjie would increase its total capital contribution by RMB2,041,000 from RMB24,500,000 to RMB26,541,000. Immediately after such increase in registered capital, Shuguang Maiyue was held as to 51% and 49% by Guangxi Silunjie and Digital Guangxi, respectively. Shuguang Maiyue became a non-wholly owned subsidiary of our Group.

See "Business — Strategic Partnerships" for further details of Digital Guangxi and our partnership.

Fangchenggang City Investment Digital

Fangchenggang City Investment Digital was established in the PRC as a limited liability company on 25 November 2020 with a registered capital of RMB10 million. It is principally engaged in software development and provision of integrated IT solutions services. Upon its establishment, Fangchenggang City Investment Digital was held as to 65% and 35% by Nanning Maiyue and Fangchenggang City Investment Development Group Limited (防城港市城市投資發展集團有限公司), respectively. Fangchenggang City Investment Development Group Limited is an independent third party.

Fangchenggang City Investment Digital is a joint venture company of our Group. See Note 16 in the Accountants' Report in Appendix I to this prospectus for further details.

On 26 April 2023, we were informed by Fangchenggang City Investment Development Group Limited that, due to its internal restructuring and change of business plans, it intended to transfer its 35% interests in Fangchenggang City Investment Digital to Nanning Maiyue. As at the Latest Practicable Date, we have not entered into any formal discussion with Fangchenggang City Investment Development Group Limited in relation to the details of the intended transfer. Yet, we were given to understand that, having considered the immaterial assets with Fangchenggang City Investment Digital, it is not expected to involve any material consideration. Upon completion of the transfer, Fangchenggang City Investment Digital will be wholly-owned by us. In view of its limited business operation and potential overlapping of business operation with our subsidiaries, we will assess and consider whether to deregister Fangchenggang City Investment Digital. Having considered that we only generated a total revenue of RMB1.0 million from Fangchenggang City Investment Digital during the Track Record Period, we are of the view that the potential transfer of interests to Nanning Maiyue would not cause any material adverse impact on our business operation or financial performance.

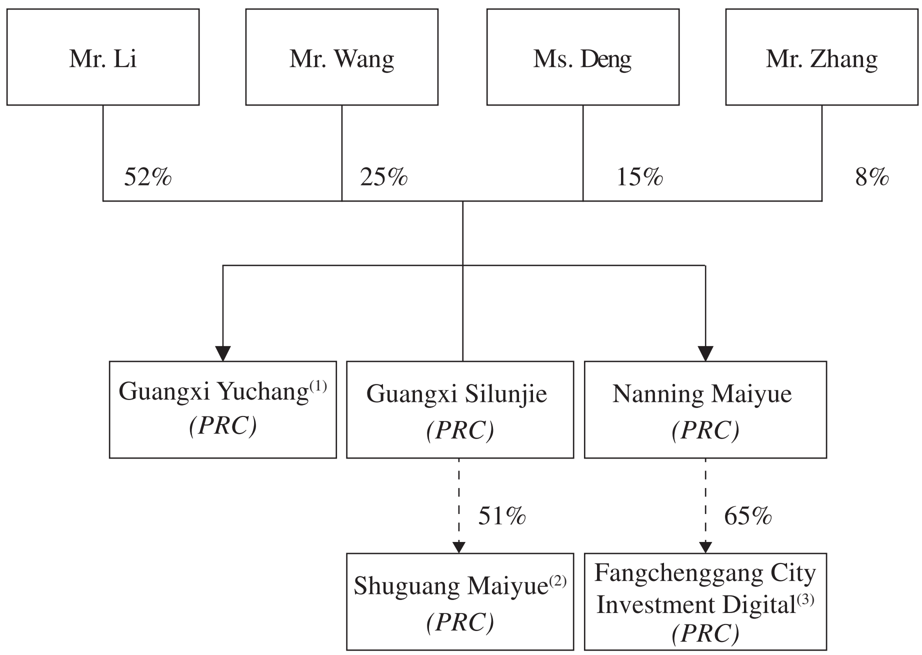
COMPLIANCE WITH THE RELEVANT PRC LAWS AND REGULATIONS

As at the Latest Practicable Date, the establishment of Nanning Maiyue, Guangxi Yuchang, Guangxi Silunjie, Shuguang Maiyue and Fangchenggang City Investment Digital, the transfers of equity interests and changes in registered capital (where applicable) had been properly and legally completed, and duly settled.

As advised by our PRC Legal Advisers, all the abovementioned transfers and changes in registered capital of our Group's onshore subsidiaries are effective, legally binding, duly settled and in compliance with the relevant PRC laws and regulations, all permits, authorisations, approvals and consents necessary for the above transactions have been obtained from the relevant PRC government authorities.

REORGANISATION

The following chart sets out the corporate structure of our Group immediately before the Reorganisation:



Notes:

(1) In relation to the equity interests in Guangxi Yuchang, Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang confirmed that they were beneficially held as to 52%, 25%, 15% and 8% by Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang, respectively, until the transfer in the equity interests of Guangxi Yuchang to Guangxi Silunjie as one of the Reorganisation step.

(2) Shuguang Maiyue was established on 10 October 2019 and was held as to 49% and 51% by Guangxi Silunjie and Digital Guangxi. It was an associate company of our Group upon establishment and subsequently became our non wholly-owned subsidiary in April 2021.

(3) Fangchenggang City Investment Digital was established on 25 November 2020 and is held as to 65% and 35% by Nanning Maiyue and Fangchenggang City Investment Development Group Limited (防城港市城市投資發展集團有限公司). It is a joint venture company of our Group.

In preparation for the Listing, we underwent a series of reorganisation, details of which are set out below:

1. Transfer of Nanning Maiyue and Guangxi Yuchang to Guangxi Silunjie

On 22 November 2018, Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang transferred their 52%, 25%, 15% and 8% equity interests in Nanning Maiyue, respectively, to Guangxi Silunjie, resulting in the increase in capital reserve of Guangxi Silunjie of RMB26.3 million, which were determined with reference to the net assets of Nanning Maiyue as at 31 October 2018.

On 22 November 2018, Mr. Li and Mr. Wang transferred their 65% and 35% equity interests in Guangxi Yuchang, respectively, to Guangxi Silunjie, resulting in the increase in capital reserve of Guangxi Silunjie of RMB11.8 million, which were determined with reference to the net assets of Guangxi Yuchang as at 31 October 2018. Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang confirmed that the equity interests in Guangxi Yuchang were beneficially held as to 52%, 25%, 15% and 8% by Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang, respectively, and the arrangement terminated after the above transfer of the equity interests in Guangxi Yuchang to Guangxi Silunjie.

Immediately after such equity transfers, Nanning Maiyue and Guangxi Yuchang became wholly-owned subsidiaries of Guangxi Silunjie. The relevant registration procedures in respect of such transfers were completed with the relevant industrial and commercial administration authority on 28 November 2018.

2. Capital contribution in Guangxi Silunjie

Pursuant to a capital injection agreement dated 25 December 2018 between Mr. Li, Mr. Wang, Ms. Deng, Mr. Zhang and Mr. Chan, who is a natural person of Singapore and one of our Pre-IPO investors, Mr. Chan contributed RMB2,560,000 to Guangxi Silunjie, resulting in the increase in the registered capital of Guangxi Silunjie from RMB5.1 million to RMB5,368,500 and the increase in capital reserve of RMB2,291,500. Such consideration was determined with reference to the appraised net asset value of Guangxi Silunjie as at 30 November 2018. Immediately after such capital contribution, Guangxi Silunjie was held as to 49.40%, 23.75%, 14.25%, 7.60% and 5% by Mr. Li, Mr. Wang, Ms. Deng, Mr. Zhang and Mr. Chan, respectively. As advised by our PRC Legal Advisers, the above capital contribution was duly settled on 20 June 2019. The relevant registration procedure in respect of such capital contribution was completed with the relevant industrial and commercial administration authority on 25 April 2019. Guangxi Silunjie became a sino-foreign joint enterprise and the relevant registration procedure was completed with the relevant commercial department on 8 May 2019.

3. Incorporation of our Company, offshore subsidiaries and establishment of onshore subsidiary

Our Company

Our Company was incorporated in the Cayman Islands with limited liability on 21 March 2019 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of par value of HK$0.01 each. On 21 March 2019, one Share was allotted and issued to the initial subscriber, an independent third party, who in turn transferred such one Share to Deep Blue Ocean at par. On 16 February 2021, our Company allotted and issued 9,999 Shares, fully paid at par, to Deep Blue Ocean.

Hanyu Information

Hanyu Information was incorporated in the BVI as a BVI business company with limited liability on 4 February 2019 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1.0 each. On the same day, one ordinary share was allotted and issued to Deep Blue Ocean, which in turn transferred such one original share to our Company at par on 21 March 2019. It is directly wholly owned by our Company as an intermediate holding company.

Hong Kong Chenyang

Hong Kong Chenyang was incorporated in Hong Kong as a limited liability company on 24 April 2019 with an issued share capital of HK$1.0. It is directly wholly owned by Hanyu Information as an intermediate holding company.

Wanjia Hongxin

Wanjia Hongxin was incorporated in Hong Kong as a limited liability company on 8 August 2019 with an issued share capital of HK$1.0. It is directly wholly owned by Hanyu Information. Since its incorporation and until the Latest Practicable Date, it has no business operation.

Guangxi Huahe

Guangxi Huahe was established in the PRC as a limited liability company on 21 August 2019 with a registered capital of RMB10 million. It is directly wholly owned by Hong Kong Chenyang as an intermediate holding company. The relevant registration procedure of Guangxi Huahe as a wholly foreign-owned enterprise was completed with the relevant industrial and commercial administration authority on 27 December 2019.

4. Transfer of Guangxi Silunjie to Guangxi Huahe

On 18 November 2019, Mr. Li, Mr. Wang, Ms. Deng, Mr. Zhang and Mr. Chan transferred their respective 49.40%, 23.75%, 14.25%, 7.60% and 5% equity interests in Guangxi Silunjie to Guangxi Huahe at consideration of RMB26,648,300, RMB12,811,700, RMB7,687,000, RMB4,099,700 and RMB2,560,000, respectively. The consideration for the equity interests of Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang was determined with reference to the appraised net asset value of Guangxi Silunjie as at 30 November 2018 and the capital contribution by Mr. Chan on 25 December 2018. The consideration for equity interests of Mr. Chan was determined with reference to capital contribution by Mr. Chan on 25 December 2018, having considered the relatively short time gap between this transfer and the capital contribution in December 2018. Immediately after such equity transfers, Guangxi Silunjie became directly wholly owned by Guangxi Huahe. As advised by the PRC Legal Advisers, the above transfers were duly settled on 29 December 2020. The relevant registration procedures in respect of such transfers were completed with the relevant industrial and commercial administration authority on 28 November 2019.

5. Establishment of Shuguang Maiyue and Fangchenggang City Investment Digital

See "— Corporate History and Development — Shuguang Maiyue" for further details of the establishment of Shuguang Maiyue. Shuguang Maiyue had been an associate company of our Group since its establishment and during the Track Record Period. Pursuant to a capital contribution agreement dated 21 April 2021, the registered capital of Shuguang Maiyue increased from RMB50,000,000 to RMB52,041,000 and Guangxi Silunjie will increase its total capital contribution by RMB2,041,000 from RMB24,500,000 to RMB26,541,000. Immediately after such increase in registered capital, Shuguang Maiyue was held as to 51% by Guangxi Silunjie and became a non-wholly owned subsidiary of our Group.

Fangchenggang City Investment Digital is a joint venture company of our Group. On 26 April 2023, we were informed by Fangchenggang City Investment Development Group Limited that it intended to transfer its 35% interest in Fangchenggang City Investment Digital to Nanning Maiyue. See "— Corporate History and Development — Fangchenggang City Investment Digital" for details of the establishment and recent development of Fangchenggang City Investment Digital.

PRE-IPO INVESTMENTS

On 10 February 2021, Mr. Ye (through Canwest Profits), Mr. Chan (through Million Oak) and Mr. Chua respectively entered into a share purchase agreement with Deep Blue Ocean, Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang. The share purchase agreements were entered into to ratify the verbal agreements made between Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang (the "**Original**

Shareholders") and (i) Mr. Ye in September 2017; and (ii) Mr. Chan and Mr. Chua in January 2018, and the settlement of the consideration completed by Mr. Ye, Mr. Chan and Mr. Chua on 7 May 2019, 15 January 2019 and 23 May 2019, respectively.

Pursuant to the share purchase agreements, Mr. Ye (through Canwest Profits), Mr. Chan (through Million Oak) and Mr. Chua acquired 800 Shares, 750 Shares and 290 Shares from Deep Blue Ocean, representing 8.0%, 7.5% and 2.9% of the then issued share capital of our Company, at a consideration of HK$8.0 million, HK$7.5 million and HK$2.9 million, respectively, based on arm's length negotiations after taking into consideration the business valuation of our Company, the timing of the investment and the prospect of our business. In particular, the consideration of the Pre-IPO Investments was agreed by the Original Shareholders at a relatively early stage of our business development, namely in September 2017 with Mr. Ye and in January 2018 with Mr. Chan and Mr. Chua. Such consideration was determined after taking into account a business valuation adopting an agreed price-to-earnings multiple to the forecasted profit of our Group at the time of such investments. The basis of determination of the consideration for the Pre-IPO Investments was identical despite the slightly different timing of investment by (i) Mr. Ye; and (ii) Mr. Chan and Mr. Chua, and such timing difference was considered to be insignificant. The said Shares were transferred by Deep Blue Ocean on 16 February 2021. The terms of the share purchase agreements imposed a six-month lock-up obligation over the shareholding interests of our Company held by each of the Pre-IPO Investors through Pre-IPO Investments. Our Directors confirm that the Pre-IPO Investments were conducted in compliance with all applicable laws and regulations.

The following table sets out the key particulars of the Pre-IPO Investments:

Name of investor	Mr. Ye (through Canwest Profits)	Mr. Chan (through Million Oak)	Mr. Chua
Date of agreement	10 February 2021[1]	10 February 2021[1]	10 February 2021[1]
Amount of consideration paid	HK$8.0 million	HK$7.5 million	HK$2.9 million
Settlement date of the consideration	22 June 2018; 3 August 2018; 26 September 2018; 28 April 2019; 29 April 2019; 30 April 2019; and 7 May 2019[1]	15 January 2019[1]	23 May 2019[1]

Name of investor	Mr. Ye (through Canwest Profits)	Mr. Chan (through Million Oak)	Mr. Chua
Number of Shares acquired immediately before the Capitalisation Issue and the Global Offering	800 Shares, representing 8.0% of the then issued share capital of our Company	750 Shares, representing 7.5% of the then issued share capital of our Company	290 Shares, representing 2.9% of the then issued share capital of our Company
Number of Shares and approximate percentage of shareholding upon Listing(2)	30,000,000 Shares, representing 6.0% of the issued share capital of our Company	28,125,000 Shares, representing 5.625% of the issued share capital of our Company	10,875,000 Shares, representing 2.175% of the issued share capital of our Company
Cost per Share and discount of the Offer Price	HK$0.2667 per Share, representing a discount of 78.2% to an Offer Price of HK$1.225 per Offer Share (being the mid-point of the Offer Price range as stated in this prospectus)		
Public float	The shareholding of Mr. Ye, Mr. Chan and Mr. Chua in our Company upon completion of the Capitalisation Issue and the Global Offering will be less than 10%, the acquisition of our Shares by Mr. Ye, Mr. Chan and Mr. Chua was not directly or indirectly financed by any core connected person of our Company, and they are not accustomed to take instructions from a core connected person in relation to the acquisition, disposal, voting or other disposition of Shares registered in their name or otherwise held by them. Accordingly, our Shares held by Mr. Ye, Mr. Chan and Mr. Chua will be considered as public float for the purpose of Rule 8.08 of the Listing Rules		
Lock-up	Six month after the Listing for the shareholding interests of our Company held by each of the Pre-IPO Investors through Pre-IPO Investments		
Special Rights	Mr. Ye was granted a director appointment right. Such right will be terminated upon Listing. Mr. Ye was appointed in April 2021, and subsequently resigned in March 2022, as executive Director (as detailed in "— Background of Pre-IPO Investors — Mr. Ye"). Save for the above, no special right was granted to the Pre-IPO Investors.		
Use of Proceeds	Not applicable (3)		

Notes:

(1) Each of the share purchase agreements was entered into to ratify the verbal agreements made between Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang and (i) Mr. Ye in September 2017; and (ii) Mr. Chan and Mr. Chua in January 2018, and the settlement of the consideration completed by Mr. Ye, Mr. Chan and Mr. Chua on 7 May 2019, 15 January 2019 and 23 May 2019, respectively.

(2) For illustration purpose only, on the basis of our enlarged capital immediately upon completion of the Capitalisation Issue and the Global Offering (without taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme).

(3) The Pre-IPO Investments were conducted by way of transfers of shares by the Original Shareholders. Therefore, no proceeds were received by the Company in relation to the Pre-IPO Investments.

Background of Pre-IPO Investors

Mr. Ye

Canwest Profits is a BVI business company incorporated in the BVI with limited liability and wholly-owned by Mr. Ye. Mr. Ye is a Hong Kong resident. He was appointed as our Director on 15 October 2020 and redesignated as our executive Director on 20 April 2021. During his tenure, he was principally responsible for assisting the Chairman in developing and implementing corporate strategies of our Group. He then resigned as our executive Director on 15 March 2022.

At the time of his resignation, there was a civil litigation of Mr. Ye in relation to a loan agreement entered into by a company owned as to 28% by Mr. Ye. The loan was secured by, among others, five joint and several guarantees, with Mr. Ye as one of the guarantors. Under the civil litigation, as one of the guarantors, Mr. Ye was classified as a person subject to enforcement. Our Directors were of the view that such litigation would not affect the competency, integrity, and suitability of Mr. Ye as a Director at the material time, having considered, among others, that:

— Mr. Ye held an equity interest of 28% of such company at the material time and, being a minority shareholder, he held the equity interests as a passive investor and did not hold any position or take any part in the decision-making or in the management thereof;

— Mr. Ye did not have any interest nor involvement in the loan arrangement concerned, other than being one of the guarantors. He was requested by the lender to provide the joint and several guarantee together with the borrower and its controlling shareholder as one of the securities of the loan;

— as confirmed by Mr. Ye, he agreed to provide such joint and several guarantee in favour of the lender to secure the loan because (i) the borrower applied for the loan to conduct ordinary course of business; (ii) the strong financial background of the borrower at the material time; and (iii) the borrower had provided a pledge of its own property as one of the securities, the estimated value of which should exceed the principal amount of the loan;

— as advised by our PRC Legal Advisers, it is a common arrangement for the equity holders of a PRC company to provide joint and several guarantee to secure a loan of the PRC company; and

— As confirmed by Mr. Ye, he has been ordinarily residing in Hong Kong and hence he has never received any notice, court judgement or decision and/or executable documentation in respect of the civil litigation until the conclusion of an appeal in August 2020. After following up on the civil litigation, Mr. Ye entered into a counter-guarantee agreement with the borrower and its controlling shareholder, pursuant to which the controlling shareholder agreed to, among others, provide a counter-guarantee in favour of Mr. Ye for the principal amount and all the accrued interest of the loan, as well as all the expenses incurred by Mr. Ye in recovery of the debt by the lender through providing his 51% equity interests in the borrower as a security.

However, having considered the fact that the aforesaid civil litigation was unsettled at the time of his resignation, Mr. Ye resigned in order to avoid any concern over the aforesaid civil litigation, which remained unsettled as at the Latest Practicable Date, as well as due to his personal reasons to pursue his other business engagements. Mr. Ye has confirmed that he had no disagreement with the Board. After his resignation, save for being a Pre-IPO Investor of our Group and the beneficial owner of a company which is the lessor of some of our leased properties, Mr. Ye has no other role or involvement in the Listing and our operations. Our Directors confirm that his resignation does not have any material impact on our operations and financial position.

Mr. Ye has over five years of experience in management and finance. Mr. Ye worked as the head of the development department at Guijiang Enterprises Co., Ltd. (桂江企業有限公司), an investment company in 2015. From 2015 to 2016, Mr. Ye served as the director of Guijiang International Commercial (Hong Kong) Co., Ltd (桂江國際商務(香港)有限公司), a company principally engaged in international business trading. Since 2017, Mr. Ye has been the supervisor of Nanning City Wanjin Enterprise Investment Co., Ltd (南寧市萬錦企業投資有限公司). Since 2018, Mr. Ye has also been a director of Pearl Bridge Securities Limited, a securities firm, and Pearl Bridge Asset Management Limited, a company principally engaged in asset management. He is also an individual private investor who from time to time participates in various investment opportunities in different target companies with a primary focus on IT, education, healthcare, informatisation and Internet-related sectors. Mr. Ye became acquainted with Mr. Li through a social occasion of their respective business network and was introduced to our Group by Mr. Li in May 2017. Mr. Ye decided to invest in our Group because he was attracted to our Group's growth potential and prospects.

Mr. Chan

Million Oak is a limited liability company incorporated in the Marshall Islands and wholly-owned by Mr. Chan. Mr. Chan is a Singapore resident and an independent third party. Mr. Chan had extensive experience in finance and commodity trade. He was a trader in a trading company in Singapore and a vice-president of the iron ore division in a commodity trader based in Hong Kong. He was then the managing partner of an investment company in Singapore. He is currently the head of investment of a registered fund management company in Singapore and from time to time participates in various investment opportunities in different target companies encompassing various business sectors. Mr. Chan became acquainted with Mr. Ye in early 2017 through the introduction of Mr. Hui, our executive Director, whom Mr. Chan had known for more than 10 years. Mr. Chan was then introduced to our Group by Mr. Ye in January 2018. Mr. Chan decided to invest in our Group because he was attracted to our Group's growth potential and prospects.

Mr. Chua

Mr. Chua is a Singapore resident and an independent third party. Mr. Chua had around 25 years of working experience with the Monetary Authority of Singapore and was the special adviser (financial supervision) of Monetary Authority of Singapore before his retirement in 2017. Mr. Chua is currently an adviser of a registered fund management company in Singapore and from time to time participates in various investment opportunities in different target companies encompassing various business sectors. Mr. Chua was awarded the Public Administration Medal by the President of Singapore in 2014. Mr. Chua became acquainted with Mr. Ye in late 2017 through introduction of Mr. Chan, whom Mr. Chua had known for more than 20 years through their social networks. Mr. Chua was introduced to our Group by Mr. Ye in January 2018. Mr. Chua decided to invest in our Group because he was attracted to our Group's growth potential and prospects.

Strategic benefits to the Company brought by the Pre-IPO Investments

Our Directors believe that the Pre-IPO Investors will introduce new business opportunities and strengthen and diversify the shareholders' portfolio of our Group. In particular, our Directors believe that Mr. Ye may bring benefits to our Group since he would be able to introduce business partners to our Group by leveraging his business and social network in Guangxi and other regions in the PRC. Since Mr. Ye joined our Group, he has been involved in various matters of our Group, such as assisting in obtaining tax exemption (e.g. the preferential tax in relation to the engagement in the national encouraged industries in the PRC western region and national autonomous area) and government grant (e.g. awards in relation to research and development from Guangxi government authority) and forming Shuguang Maiyue with Digital Guangxi. On the other hand, we believe that the Pre-IPO Investments by the Pre-IPO Investors in our Group demonstrate their confidence in the operations of our Group and serve as an endorsement for our Group's performance, strength and prospects, which can assist us in broadening our shareholder base. We further consider that their respective investment backgrounds and business management experience could provide insights and advice on our business development and expansion.

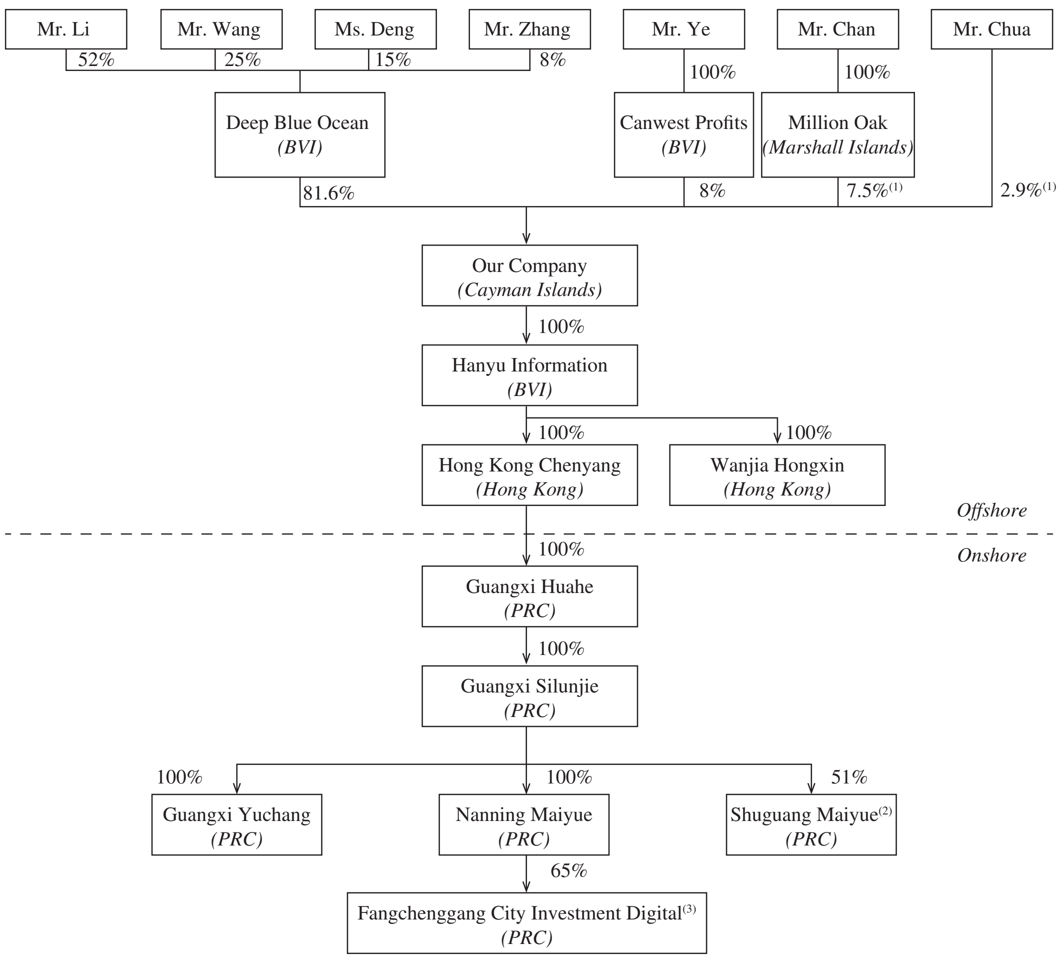
Compliance with Interim Guidance and Guidance Letters

After reviewing the terms of the agreements relating to the Pre-IPO Investments, and given that (i) no special rights granted to the Pre-IPO Investor will survive after the Listing in respect of the Pre-IPO Investments; and (ii) the Pre-IPO Investments were completed more than 28 clear days before the date of submission of the application for the Listing, the Sole Sponsor confirms that the Pre-IPO Investments are in compliance with the Guidance Letters HKEx-GL29-12 (January 2012) (updated in March 2017) and HKEx-GL43-12 (October 2012) (updated in July 2013 and March 2017).

SHAREHOLDING AND CORPORATE STRUCTURE

Our shareholding and corporate structure immediately after completion of the Reorganisation but before the Capitalisation Issue and the Global Offering

The following chart illustrates our shareholding and corporate structure immediately after the Reorganisation but before the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme):



Notes:

(1) The shareholding of Million Oak and Mr. Chua in our Company upon completion of the Capitalisation Issue and the Global Offering will be considered as public float for the purpose of Rule 8.08 of the Listing Rules.

(2) Shuguang Maiyue is held as to 51% and 49% by Guangxi Silunjie and Digital Guangxi.

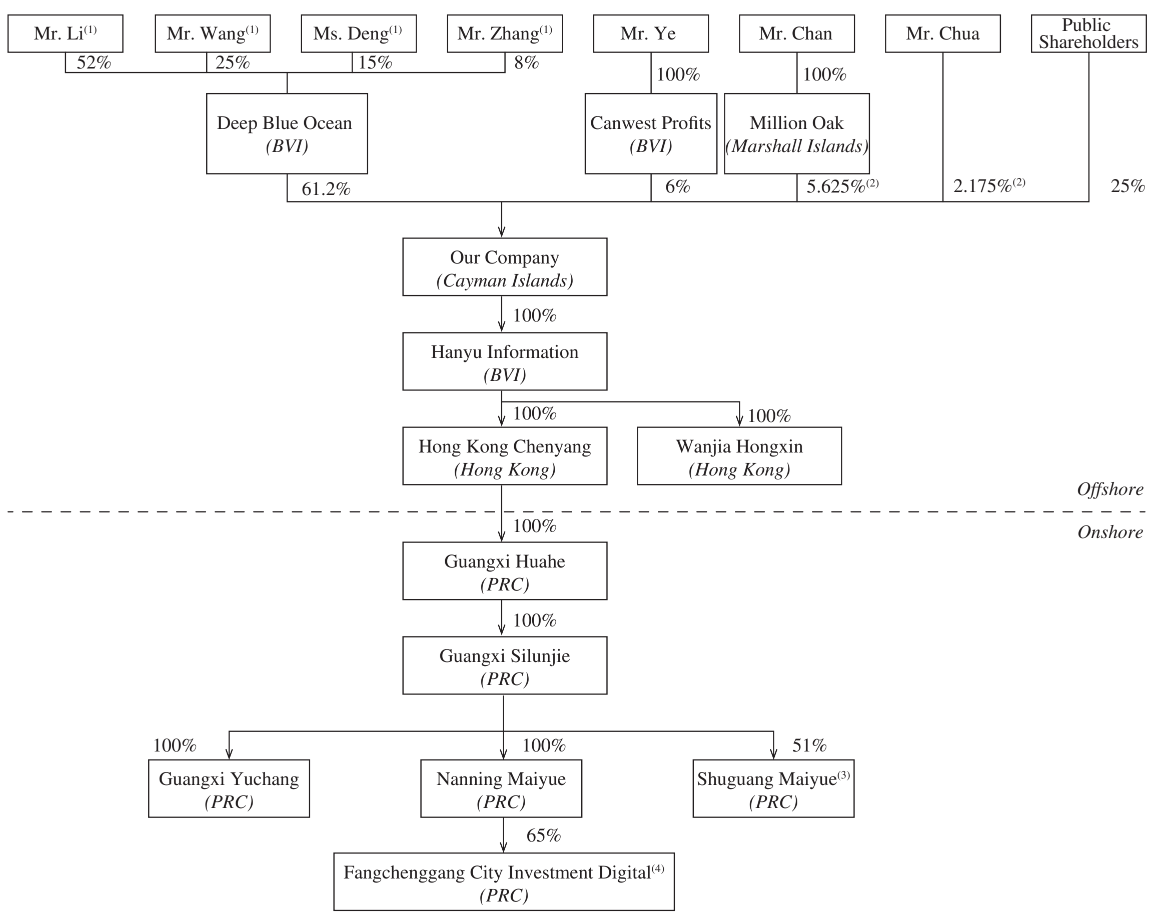
(3) Fangchenggang City Investment Digital is held as to 65% and 35% by Nanning Maiyue and Fangchenggang City Investment Development Group Limited (防城港市城市投資發展集團有限公司). It is a joint venture company of our Group. On 26 April 2023, we were informed by Fangchenggang City Investment Development Group Limited that it intended to transfer its 35% interest in Fangchenggang City Investment Digital to Nanning Maiyue. See "— Corporate History and Development — Fangchenggang City Investment Digital" for details.

Capitalisation Issue

Condition upon the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares pursuant to the Global Offering, a sum of HK$3,749,900 (or any such amount any one Director may determine) standing to the credit of the share premium account of our Company will be capitalised by applying such sum in paying up in full at par a total of 374,990,000 Shares (or any such number of Shares any one Director may determine) for the allotment and issue to the then existing Shareholders in proportion to their respective shareholding in our Company.

Our shareholding and corporate structure immediately after completion of the Capitalisation Issue and the Global Offering

The following chart sets out our shareholding and corporate structure immediately after completion of the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme):



Notes:

(1) Mr. Li, Mr. Wang, Ms. Deng, Mr. Zhang and Deep Blue Ocean will be our Controlling Shareholders and will comprise a group of Controlling Shareholders within the meaning of the Listing Rules.

(2) The shareholding of Million Oak and Mr. Chua in our Company upon completion of the Capitalisation Issue and the Global Offering will be considered as public float for the purpose of Rule 8.08 of the Listing Rules.

(3) Shuguang Maiyue was held as to 51% and 49% by Guangxi Silunjie and Digital Guangxi.

(4) Fangchenggang City Investment Digital was held as to 65% and 35% by Nanning Maiyue and Fangchenggang City Investment Development Group Limited (防城港市城市投資發展集團有限公司). It is a joint venture company of our Group. On 26 April 2023, we were informed by Fangchenggang City Investment Development Group Limited that it intended to transfer its 35% interest in Fangchenggang City Investment Digital to Nanning Maiyue. See "— Corporate History and Development — Fangchenggang City Investment Digital" for details.

Our PRC Legal Advisers have confirmed that the Reorganisation in respect of the PRC companies in our Group are effective, legally binding, duly settled and in compliance with the laws and regulations, and all permits, authorisation, approvals and consents necessary for the above transactions have been obtained from the relevant PRC government authorities.

The Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC

According to the Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) ("**Provisions on Mergers or Acquisitions**"), a foreign investor shall obtain necessary approvals for the following circumstances: (i) when a foreign investor acquires the equity interests of a domestic non-foreign invested enterprise and is subsequently converted to a foreign invested enterprise, or subscribes for the new equity interests of a domestic non-foreign invested enterprise based on the increase in its registered capital; or (ii) when a foreign investor establishes a foreign invested enterprise to acquire and operate the assets of a domestic non-foreign invested enterprise or to acquire the assets of and inject capital in a domestic non-foreign invested enterprise to set up a foreign invested enterprise. According to Article 11 of the Provisions on Mergers or Acquisitions, if any domestic company, enterprise or natural person, in the name of a company legally established or controlled by it in foreign countries or regions, merges its affiliated domestic company, it shall be subject to the approval of the MOFCOM.

On 30 December 2019, the Ministry of Commerce and the State Administration of Market Regulation issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on 1 January 2020. Since 1 January 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

As advised by our PRC Legal Advisers, Mr. Chan's subscription of 5% equity interest in Guangxi Silunjie (the "**First Acquisition**") shall be conducted in accordance with the Provisions on Mergers or Acquisitions. As Mr. Chan is not a domestic natural person and had no association with Guangxi Silunjie as defined in the Provisions on Mergers or Acquisitions, Article 11 of the Provisions on Mergers or Acquisitions does not apply to the First Acquisition. Upon completion of the First Acquisition, Guangxi Silunjie became a sino-foreign joint venture. Regarding the acquisition of the entire equity interest of Guangxi Silunjie by Guangxi Huahe (the "**Second Acquisition**"), as advised by our PRC Legal Advisers, the Second Acquisition, which happened after the transformation of Guangxi Silunjie into a sino-foreign joint venture, was deemed as having caused changes in shareholders due to the acquisition of equities of a foreign invested enterprise, so the Provisions on Mergers or Acquisitions do not apply to the Second Acquisition. While the Second Acquisition should comply with the Several Provisions on the Changes in Equity Interest of Investors in Foreign Invested Enterprises (外商投資企業投資者股權變更的若干規定), Guangxi Silunjie has obtained the receipt for registration of changes in foreign invested enterprises and for its new business licence on 28 November 2019.

Our PRC Legal Advisers confirmed that regarding the Listing, we do not need to seek approval from the CSRC, MOFCOM or other relevant PRC government authorities.

SAFE Registration in the PRC

Circular 37 was promulgated by the SAFE on 4 July 2014 and took effect on the same day. According to the Circular 37, a domestic resident (including PRC individuals and institutions) shall, before contributing lawful domestic and overseas assets or interests to a special purpose vehicle, register with the SAFE or its local branch to effect foreign exchange registration. As advised by our PRC Legal Advisers, Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang completed the registration under the SAFE Circular No. 37 by 22 July 2019.

OVERVIEW

We are an integrated IT solutions services provider in the education and government IT solutions markets in Guangxi with an operating history of over 20 years. We primarily focus on the provision of customised integrated IT solutions services to customers in the education sector, primarily offline formal public education institutions, for the purpose of digitalised campus development. In particular, we aim to utilise technologies in our products and services to assist education institutions to open up and connect different departments, functions and facilities of campus in a single platform, realising the integration and utilisation of data from multiple sources, which improves the overall campus experience and effectiveness of teaching and learning.

Throughout our operating history, we believe we have accumulated extensive knowledge and experience in the education IT solutions market. In 2018, leveraging such experience and in view of the business opportunities in the government IT solutions market emerging from favourable policies and regulations implemented by the PRC Government, we extended our provision of customised integrated IT solutions services to customers in the government sector through replicating our operation model in the education sector, with an aim to assist customers in the government sector in relation to digitalised government development. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from services provided to customers in the education sector accounted for 82.8%, 57.2%, 81.3% and 83.8% of our total revenue, respectively; and our revenue generated from services provided to customers in the government sector accounted for 11.5%, 31.6%, 3.7% and 2.4% of our total revenue, respectively. We consider the expansion to the government sector as a diversification of our business operation. Therefore, going forward, we intend to continue to place strategic focus on the provision of customised integrated IT solutions services to customers in the education sector, whilst we will pursue and diversify our business by providing customised integrated IT solutions services to customers in the government sector, when any suitable business opportunities arises.

We are principally engaged in the (i) provision of integrated IT solutions services; (ii) sales of hardware and/or software; and (iii) provision of standalone IT services to our customers. We take pride in our ability to provide customised integrated IT solutions services to our customers. Our integrated IT solutions services include (i) design of integrated IT solutions accommodating the specific requirements of our customers; (ii) development of solution-based application systems and sourcing of suitable hardware, software and equipment; (iii) implementation of integrated IT solutions including construction, integration and upgrade of IT infrastructure and systems; and/or (iv) provision of technical and maintenance supporting services. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, majority of our revenue was generated from the provision of integrated IT solutions services, which accounted for 91.5%, 83.9%, 81.6% and 57.6% of our total revenue, respectively.

We are committed to providing customised integrated IT solutions services to education institutions and government authorities for the purpose of digitalised campus and government development. According to the F&S Report, the PRC Government has issued several policies and regulations to promote the development of education and government IT solutions market in the PRC. Local governments also issued supportive policies on the development of education IT solutions market, which clearly states the Guangxi government's intention to improve the integration of information technology and education to develop the education IT solutions market. See "Industry Overview" for further details in relation to the policies. According to the F&S Report, driven by the (i) strong policy support; (ii) increasing public expenditure on education; (iii) strong demand from education industry; and (iv) rapid technological development and iteration, the market size of integrated IT solutions services within the education IT solutions market in Guangxi is expected to grow at a CAGR of 8.3% between 2022 and 2027, reaching RMB6.4 billion in 2027. On the other hand, according to the F&S Report, driven by the (i) favourable government policy; (ii) accelerating urbanisation process; and (iii) rapid technological development, the government IT solutions market in Guangxi is expected to increase at a CAGR of 5.6% between 2022 and 2027, reaching RMB14.1 billion in 2027. Under these industry backdrops, our Directors are of the view that we are well positioned to capture the industry growth momentum.

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, we were engaged in 122, 89, 106 and 15 integrated IT solutions projects, respectively, which contributed to our revenue for the corresponding years/period. Among these integrated IT solutions projects, four, four and two integrated IT solutions projects, respectively, contributed over RMB10 million to our revenue for the corresponding years. We also executed various landmark projects in Guangxi such as the Big Data Platform (大數據平台) in Beibu Gulf University (北部灣大學), the public class learning centre (公共課學習中心) and the virtual reality innovation laboratory *(*虛擬現實創新實驗中心*)* in Guangxi University, the informatisation project of Guangxi Modern Polytechnic College (廣西現代職業技術學院) and the digitalisation and informatisation project of Qingxiu District Government Service Centre (青秀區政務服務中心). See "— Our Services — Our landmark projects" below for further details.

As a result of our quality services and proven track record, we were being named as the first among the "Top 50 Most Competitive IT Services Providers for Government Procurement in Guangxi (廣西政府採購信息技術服務最具競爭力50強)" jointly published by the Government Procurement Big Data Research Institute (政府採購大數據研究院) and the Government Procurement Big Data Network (政府採購大數據網) in 2022, which is determined based on, among others, the number of projects awarded, the total value of the projects awarded and whether any administrative penalty has been imposed on any government procurement projects. According to the F&S Report, this market ranking involves various companies of different aspects, and therefore companies being named in such market ranking are relatively competitive in the education IT solutions market.

To enhance our competitiveness, we have placed focus on our research and development to enhance the variety and functions of our product offerings to complement our integrated IT solutions services. As a result of our research and development capabilities, since 2015, we have developed a comprehensive portfolio of product offerings, which include our self-developed products which involve the application of advanced technologies such as big data analytics (e.g. Maiyue Big Data Analysis Platform (邁越大數據分析平台), Maiyue Data Diagnosis Platform (邁越信息化診改平台)), IoT, cloud computing (e.g. Chuangpeng Cloud Desktop Virtualisation System (創鵬雲桌面虛擬化系統)) and AI (e.g. Maiyue One-stop Web Office Automation System (邁越一站式網上辦事大廳系統)). See "— Our Services — Our self-developed product offerings" below for further details. Our self-developed products are fully developed in-house based on our internal research and development, and are not modified versions of other pre-existing third-party's software. According to the F&S Report, we are one of the few local education IT solutions services providers that have self-developed product offerings in Guangxi. In addition, our continuous research and development efforts have led to, among others, the recognition of two of our major operating subsidiaries, Nanning Maiyue and Guangxi Silunjie, as a "High and New Technology Enterprise" (高新技術企業) by the relevant PRC government authorities in November 2016 (renewed in October 2022) and November 2019, respectively.

Over the years, we also received various awards and certifications in recognition of our quality services and achievements. We obtained certifications of "Guangxi Zhuang Autonomous Region Enterprise Technology Centre" (廣西壯族自治區企業技術中心) issued by government authorities including Guangxi Zhuang Autonomous Region Industry and Information Commission (廣西壯族自治區工業和信息化委員會) and "Capability Maturity Model Integration (CMMI) Development v1.3 Maturity Level 3" issued by CMMI Institute. We were also awarded the "Leading Enterprise in Digitalised Campus (Guangxi)" (智慧校園(廣西)領軍企業) from Guangxi Smart City Research Association (廣西智慧城市研究會) in 2019, "Model Leading Key Demonstration Enterprises under Digital Guangxi Construction" (數字廣西建設標杆引領重點示範企業) from Leading Group Office of Digital Guangxi Construction (數字廣西建設領導小組辦公室) in 2019 and "Top 100 High and New Technology Enterprises in Guangxi" (廣西高新技術企業一百強) from Association of High and New Technology Enterprises in Guangxi (廣西高新技術企業協會) for two consecutive years in 2019 and 2020.

OUR COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have contributed to our success to date and will continue to promote our expansion:

We are an integrated IT solutions services provider with an established operating history in the education and government IT solutions markets in Guangxi

We are an integrated IT solutions services provider with an operating history of over 20 years in the education IT solutions market in Guangxi, and further expanded to the government IT solutions market in Guangxi since 2018. We strive to provide quality and reliable customised services to our customers in the education and government IT solutions markets. As a result of our quality services and proven track record, we were being named as the first among the "Top 50 Most Competitive IT Services Providers for Government Procurement in Guangxi (廣西政府採購信息技術服務最具競爭力50強)" jointly published by the Government Procurement Big Data Research Institute (政府採購大數據研究院) and the Government Procurement Big Data Network (政府採購大數據網) in 2022, which is determined based on, among others, the number of projects awarded, the total value of the projects awarded and whether any administrative penalty has been imposed in relation to any government procurement projects. According to the F&S Report, this market ranking involves various companies of different aspects, and therefore companies being named in such market ranking are relatively competitive in the education IT solutions market.

With our long established and reputable operating track record, we manage to develop our reputation among customers in the education and government IT solutions markets in Guangxi. We have developed and maintained business relationship with various education institutions in Guangxi, for example, Guangxi University (廣西大學), being one of the largest education institutions in Guangxi, and Wuzhou University (梧州學院) for more than ten years and each of these customers was one of our five largest customers during the Track Record Period. Following the extension of our footprint into the government sector in 2018, we have been engaged by government authorities such as the Administrative Approval Bureau of Qingxiu District, Nanning City (南寧市青秀區行政審批局) and the Nanning Intermediate People's Court (南寧市中級人民法院).

During the Track Record Period, many of our customers which engaged us were primarily financed by government funds. According to the F&S Report, both the PRC government and local governments issued a number of supportive policies on the development of education IT solutions market from time to time. However, according to the F&S Report, due to limited budgets annually assigned to each education institution, they generally implement upgrades of their IT infrastructure and systems in phases. As a result, education institutions may tend to engage the same IT solutions services providers in years by separate engagements to complete an upgrade of their IT infrastructure and systems, in order to ensure the quality and compatibility of the IT infrastructure and systems. Therefore, there could be continuous demand from education institutions yearly if our products and services are delivered to our customers' satisfaction. Besides, according to the F&S Report, the rapid technological development and iteration have deeply influenced the education industry. Advanced technologies have provided diversified education IT solutions, which can update teaching and management models to improve the teaching environment and management efficiency of schools and education institutions. Accordingly, the rapid technology development and iteration will lead education institutions to regularly upgrade their IT infrastructure and systems to optimise the learning environment, which will in turn drive the growth of the education IT solutions market. In addition, the department of finance in Guangxi stipulates the standard useful life of fixed assets that is typically relevant to our business, such as computer equipment, networking equipment, electronic equipment, etc., range from six to eight years. Based on the foregoing and our established track record, especially where some of our major customers engaged us on an annual basis within the five years prior to the Track Record Period, we believe that our major customers will engage us on a regular basis to replace and/or upgrade their existing IT systems and infrastructure in the future, which will in turn allow us to continue to generate revenue from these major customers.

With our long established and reputable operating history in the education IT solutions market in Guangxi, we have developed strong ties with customers and completed a number of projects of different scales across majority of the cities in Guangxi and therefore accumulated extensive knowledge and experience in the local IT solutions markets. We believe, which is also supported by the F&S Report, that familiarity and connections developed with customers provide competitive advantages for market players in the IT solutions market to understand, identify and accommodate the specific needs of customers and thus they could be better positioned to leverage their experience to promptly react to market demands and expand alongside the market expansion and increase their market shares by undertaking more projects.

We believe that our strategic focus on providing services to customers in the education sector has significantly contributed to our business growth as we are well positioned to capture the significant growth momentum of the education IT solutions market in Guangxi as one of the early movers in the market. According to the F&S Report, the promotion of education IT solutions has been set as one of the key tasks in the development of education industry in the PRC. Since the last decade, supportive policies on education IT solutions market have been introduced by the PRC Government. See "Industry Overview" for further details in relation to supportive policies issued by the PRC government throughout the years. We believe that our established track record in the education IT solutions market in Guangxi enables us to maintain our market position and capture new business opportunities in the local market. It also allows us to replicate our operation model and expand our business to the education IT solutions market in other regions in the PRC as well as the IT solutions market in other sectors. During the Track Record Period, we have replicated our operation model in the education sector to the government sector in Guangxi. Under the market backdrop, we believe that our solid and increasing market presence in the education and government IT solutions markets in Guangxi respectively, as well as our continuous effort in business expansion will continue to enhance our project sourcing capabilities and drive our future growth.

Our significant market presence in Guangxi is further evidenced and strengthened by our establishment of strategic partnerships with state-owned enterprises in Guangxi to capture future business opportunities. For instance, in October 2019, we and Digital Guangxi formed Shuguang Maiyue, an associate company which subsequently became our non-wholly owned subsidiary. See "— Strategic Partnerships" below for further details. We believe that these partnerships with state-owned enterprises only will not only provide us with direct new business opportunities, but can also serve as a recognition of our track record of satisfactory project execution and consolidate our presence in the IT solutions markets in Guangxi as well in the PRC, which will contribute to our business growth in the future.

We are equipped with capability in providing integrated IT solutions services which are customised to the distinctive needs of our customers

We take pride in our ability to provide customised integrated IT solutions services to our customers. We believe that we have forged a renowned reputation as an integrated IT solutions services provider over the years as a result of our customer-oriented and high-quality services, and our ability to provide value-added solutions requested by our customers from time to time. We consider, which is also supported by the F&S Report, that the ability to provide customised services and value-added solutions tailored for the specific needs of customers provides competitive advantages to the market players in the IT solutions market as it can expand their revenue stream by serving a wider group of customers with different requirements. The provision of high-quality and customised services to customers could enhance customers' satisfaction as well as the market players' reputation, which would be conducive to the market players' expansion of market share.

Our value-added integrated IT solutions services can accommodate various needs of our customers which include (i) design of integrated IT solutions accommodating the specific requirements of our customers; (ii) development of solution-based application systems and sourcing of suitable hardware, software and equipment; (iii) implementation of integrated IT solutions including construction, integration and upgrade of IT infrastructure and systems; and/or (iv) provision of technical and maintenance supporting services. We believe that our capability to provide reliable and end-to-end integrated IT solutions services addresses the needs and industry-specific requirements of our customers. In particular, we actively and closely interact with and engage our customers at early stages of projects and offer pre-sales development and assistance to them that are relevant to their business needs. We also offer professional technical and maintenance supporting services after the project execution with a focus on providing timely support and troubleshooting services, which are supported by our technical team easily accessible by our customers. We consider that our commitment to deliver reliable and end-to-end integrated IT solutions services keep us ahead of competition.

To ensure the provision of customised integrated IT solutions services, we have project management and technical teams comprising 27 and 23 members as at 30 April 2023, respectively. Our project management team comprised various project managers, whilst our technical team comprised supervisors, network engineers and customer service personnel. Our technical team obtained numbers of certifications and accreditations by completing the trainings and workshops given by our suppliers and professional or certification organisations. We believe that, supported by our project management and technical teams with in-depth technical knowledge, we possess the ability to deliver our customers integrated IT solutions services with convenience and efficiency at a competitive price.

In recognition of the Group's customised services and technologies rendered and adopted in the projects, two of the projects in which the Group was involved, namely, the Big Data Platform project in Nanning Vocational and Technical College (南寧職業技術學院大數據平台建設項目) and the Information Public Teaching Support Platform project in Guangxi University (廣西大學信息化公共教學支撐平台項目) were selected as "100 Excellent Demonstration Cases (100個優秀示範案例)" by various government authorities in Guangxi in July 2021. In these two projects, we provided overall customised IT solutions covering different scenarios and utilised various kinds of products and technologies to tackle any difficulty created by each distinct circumstance. We believe that these recognitions have proven the Group's ability to deliver customised and quality integrated IT solutions services to our customers.

We possess research and development capability to enhance the variety and functions of our product offerings to complement our integrated IT solutions services

In view of the rapid technological development, we strive to provide our customers with customised integrated IT solutions services leveraging our research and development capabilities. Our strong and proven research and development capability facilitates product development for complementing our integrated IT solutions services, which in turn will enhance our competitiveness. Our research and development efforts are managed along principles such as (i) market orientation — we engage in regular communications with our customers in order to understand their needs and requirements at an early stage, which guide our research and development direction; (ii) practicality and scalability — we apply up-to-date technologies and emphasise the ability to accommodate future expansion and upgrades when developing products; and (iii) reliability — we ensure the reliability of our products by applying up-to-date technology and extensively testing products prior to implementation.

Our research and development capability is supported by a research and development team comprising over 80 members as at 30 April 2023 which was led by Mr. Zhang. Mr. Zhang is our executive Director and director of technology, who has more than ten years of experience in the IT industry working with our Group. Our research and development team comprised various positions with a wide range of functions, such as product managers, front-end development engineers, testing engineers, implementation engineers and operation and maintenance engineers, who generally possess relevant academic, professional qualifications and/or working experience.

As at 30 April 2023, we had two research and development centres respectively located in Nanning, where we are based, and Chengdu. In 2015, in light of the then various supportive policies, such as the "Ten-year Development Plan for Education IT Solutions (2011-2020)" (《教育信息化十年發展規劃 (2011-2020年)》) issued in 2012 which set the promotion of education IT solutions as a national strategy and the promotion of digital education in different education institutions in Guangxi, we set up our first research and development centre in Nanning. With the focus on the development of application systems, we developed products such as Maiyue Data Diagnosis Platform (邁越信息化診改平台) and Maiyue One-stop Web Office Automation System (邁越一站式網上辦事大廳系統), which can accommodate our customers' specific operational environment and improve their operating efficiency, and in turn increase our competitiveness in securing additional projects from our customers. However, due to the then relatively slow IT development and limited number of IT talents in Guangxi, we were restricted in terms of developing our own big data analytic and AI related products and thus were required to use those products developed by third parties in our integrated IT solutions projects, which in turn limited the flexibility to customise to fit in the specification of our projects and constrained our cost control. Therefore, in 2018, we decided to set up our second research and development centre in Chengdu. We selected Chengdu as another location of our research and development centre as our Directors consider that it is a rising technology hub in the PRC with a number of IT talents, which is also supported by the F&S Report. Our research and development centre in Chengdu is mainly responsible for the development of products with the use of advanced technologies, such as big data and AI, whilst our research and development centre in Nanning is mainly responsible for the development of application systems. Benefitted by the establishment of our second research and development centre in Chengdu, we have developed products such as Maiyue Big Data Analysis Platform (邁越大數據分析平台) and Maiyue Data Visualisation Platform (邁越數據可視化平台), which, through the use of big data analytic and AI technologies, assist our customers to collect, store and better utilise their data.

From time to time, we may also collaborate with tertiary institutions to keep ourselves abreast of the latest technologies and developments within the education IT solutions market. For example, we have entered into collaboration agreements with Guangxi University (廣西大學) and Nanning Normal University (南寧師範大學), under which they may provide advice to improve our services and talents to strengthen our workforce. Capitalising on the synergy created through such collaboration, our research and development team is able to leverage their technical know-how, which in turn enhances our ability to develop and integrate advanced technology into our services so that we can better cater to the needs of our customers.

As a result of our research and development efforts, according to the F&S Report, we are one of the few local education IT solutions services providers that has self-developed product offerings in Guangxi. Our self-developed products are fully developed in-house based on our internal research and development, and are not modified versions of other pre-existing third-party's software. We are of the view that whilst one of our competitive strengths lies in its capability in providing integrated IT solutions services, our self-developed products are ancillary and value-added to the provision of integrated IT solutions services as customers' distinctive needs can be satisfied with greater efficiency in the allocation of their IT-related budgets and resources. Depending on the circumstance and requirement of each project, we may use our self-developed products in the provision of our integrated IT solutions services. Notwithstanding that the utilisation of our self-developed products may vary from time to time, our self-developed products were involved in our integrated IT solutions projects to a considerable extent during the Track Record Period and there was an increase in revenue contribution from self-developed products in recent years. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from integrated IT solutions projects with our self-developed products involved amounted to RMB22.2 million, RMB37.6 million, RMB26.9 million and RMB0.4 million, respectively, representing 11.7%, 22.2%, 13.5% and 7.6% of our total revenue from integrated IT solutions projects for the corresponding years/period. We believe that, the continuous involvement of our self-developed products in our integrated IT solutions projects demonstrates our sensitivity to technological innovation, which allows us to develop products that are relevant to the business needs of our customers as well as our customers' confidence in the quality of our self-developed products. According to the F&S Report, possessing a successful track record of researching and developing self-developed products is uncommon in the education IT solutions services industry in Guangxi. Leveraging on this unique advantage, we are poised to sharpen such competitive edge by further developing new products to complement our integrated IT solutions services, utilising the existing and to be established or upgraded research and development centres, so that a wider variety of self-developed products can be offered to customers.

Our continuous research and development efforts have also led to (i) the recognition of two of our major operating subsidiaries, Nanning Maiyue and Guangxi Silunjie, as a "High and New Technology Enterprise" (高新技術企業) by the relevant PRC government authorities in November 2016 (renewed in October 2022) and November 2019, respectively; (ii) a number of awards and recognitions received at both regional and national levels, including our "Maiyue Big Data Digitalised Campus Platform (邁越大數據智慧校園平台)" was selected into the list of 2022 pilot demonstration projects for the development of the big data industry (2022年大數據產業發展試點示範項目名單) in August 2022 by the MIIT, and ranked first among 59 national enterprises selected under the category of "Service Industry Big Data Applications (服務業大數據應用)", and Nanning Maiyue was awarded the "National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)" by the China National Intellectual Property Administration in September 2022; (iii) a number of subsidies received in recognition of our research and development capability; and (iv) a number of patented technological know-how. As at the Latest Practicable Date, we have obtained 84 software copyrights and 14 patents which include (i) 13 utility models patents (實用新型專利); and (ii) one invention patent (發明專利). See "— Intellectual Property" below and "Statutory and General Information — B. Further Information about our Business — 2. Intellectual property rights" in Appendix IV to this prospectus for further details. We believe that our investment in research and development is critical to our success and provides us with a unique and competitive edge in the IT solutions market in Guangxi.

We have an experienced and professional management team with a proven track record in the operation of our business

We are led by an experienced management team, who has substantial experience in, and in-depth knowledge of, the IT industry in the PRC. In particular, Mr. Li, our executive Director, chief executive officer and Chairman, has over 20 years of experience in the IT industry. Our executive Directors, Ms. Deng and Mr. Zhang also possess over 15 and ten years of experience in the IT industry (both with over ten years of experience with our Group), respectively, while Mr. Wang has over 15 years of experience in sales and corporate management in the IT industry (with over 14 years of experience with our Group). In addition, members of our senior management, including Mr. Li Linfu, our director of sales, Ms. Dai Tianqiao, our chief financial officer, Ms. Liu Man, our financial manager, and Mr. Lu Yanke, our marketing manager, have extensive experience in their respective expertise. See "Directors and Senior Management" for further details on the experience and qualifications of our executive Directors and members of our senior management.

OUR BUSINESS STRATEGIES

In order to achieve sustainable growth and enhance our presence as an integrated IT solutions services provider, we intend to pursue the following business strategies:

Strengthen our market position and further expand our customer base through continued investments in new projects

We will continue to expand our foothold in the education IT solutions market in Guangxi in order to capture the growth potential. According to the F&S Report, driven by the (i) strong policy support; (ii) increasing public expenditure on education; (iii) strong demand from education industry; and (iv) rapid technological development and iteration, the market size of integrated IT solutions within the education IT solutions market in Guangxi is expected to grow at a CAGR of 8.3% between 2022 and 2027, reaching RMB6.4 billion in 2027.

As illustrated above, the rapid technology development and iteration will lead education institutions to regularly upgrade their IT infrastructure and systems to optimise the learning environment, which will in turn drive the growth of the education IT solutions market and thus there could be continuous demand from education institutions yearly if our products and services are delivered to our customers' satisfaction.

As an integrated IT solutions services provider in the education IT solutions market in Guangxi with an operating history of over 20 years, we believe that we have accumulated sufficient experience and business network to further enhance our market position. We have developed strong ties and completed a number of projects of different scales across a majority of the cities in Guangxi and therefore accumulated extensive knowledge and experience in the local education IT solutions market. We believe our familiarity and connections developed with the education institutions in Guangxi throughout the years have enabled us to understand, identify and address their specific needs. See "Our Competitive Strengths — We are an integrated IT solutions services provider with an established operating history in the education and government IT solutions markets in Guangxi" above for further details. Therefore, we consider ourselves to be well-positioned to leverage our experience in Guangxi to promptly react to market demands and expand alongside the market expansion and increase our market share by undertaking more projects.

We believe that we are able to differentiate ourselves and demonstrate our distinct competitive strength over other market players to capture additional market share. Our competitiveness can also be demonstrated by our considerable business growth in terms of revenue and gross profit during the Track Record Period. For the years ended 31 December 2020, 2021 and 2022, our revenue amounted to RMB207.1 million, RMB201.7 million, RMB243.3 million, respectively, while our gross profit amounted to RMB75.4 million, RMB98.9 million, RMB104.6 million, respectively. Our revenue also increased from RMB8.0 million for the four months ended 30 April 2022 to RMB8.6 million for the four months ended 30 April 2023, while our gross profit also increased from RMB1.3 million to RMB1.7 million. We consider that such business growth clearly showed customers' satisfaction with our services and served as a proof of our good service quality. Taking into account the above and the favourable market conditions, we believe that more projects will be available to us in view of the expected increase in our profile and presence after the Listing.

In light of our solid track record with education institutions in Guangxi as well as our strategic partnerships with state-owned enterprises in Guangxi, we also believe that we can further expand our market share in the education IT solutions market in Guangxi, and replicate our operation model and expand our business to other IT solutions markets in Guangxi and other regions in the PRC. In particular, according to the F&S Report, the PRC Government has issued a series of favourable policies and regulations to support the development of the government IT solutions market, such as "Guiding Opinions on Accelerating the Construction of a National Integrated Online Government Service Platform" (《加快推進全國一體化線上政務服務平台建設的指導意見》) and "Action Plan for Promoting the Development of Big Data" (《促進大數據發展行動綱要》), both issued by the State Council in 2018, which set plans for the development of the government IT solutions market. Besides, according to the F&S Report, the rapid technological development has also been one of the key drivers for the development of the government IT solutions market in the PRC. The emerging and evolving information technologies have provided multiple solutions for the development of digitalised government, and there is an increasing number of subsectors adopting information technologies to improve the operating efficiency of the industries. Therefore, there will be continuous needs for government authorities to upgrade their IT infrastructure and systems in order to optimise their current operating models. In view of the emerging business opportunities in the government IT solutions market, we extended our footprints into the government sector in 2018, with an aim to assist customers in the government sector in relation to digitalised government development. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from provision of services in the government sector accounted for 11.5%, 31.6%, 3.7% and 2.4% of our total revenue, respectively. We plan to further establish our market presence in the government sector and, at the same time, seek opportunities to further expand our customer base in education and other sectors. In the long run, we may also consider to expand our market presence outside the PRC if suitable opportunities arise.

We also intend to undertake more integrated IT solutions projects of larger scale in order to further enhance our reputation and drive our future growth. During the Track Record Period, we had undertaken more sizeable projects. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, we had four, four, two and nil integrated IT solutions projects, respectively, which contributed over RMB10 million to our revenue for the corresponding years/period. In particular, for the year ended 31 December 2022, we had an integrated IT solutions project with contract value (excluding VAT) of RMB83.7 million. Leveraging our experience of undertaking large-scale projects, we believe that we will be able to tender for and obtain more large-scale projects, which will provide us with a greater brand exposure and allow us to capture additional future business opportunities.

Our Directors consider that, which is also supported by the F&S Report that, IT solutions services providers need sufficient capital for their operations. They are usually required to pay a substantial amount of cash upfront throughout the execution of projects, such as the procurement costs of hardware, equipment and software, service costs for IT and supporting services and staff costs, whereas customers would only make payments after project completion. Therefore, cash flow management and source of funding serve as common constraints for IT solutions services providers. During the Track Record Period, we utilised cash generated from our operations and borrowings to finance such costs. However, in view of the above and our expansion plan, we expect a considerable increase in customer base as well as the number and/or scale of projects in the future. As such, we will have to dedicate additional financial resources as the initial working capital to invest in our future projects.

We intend to apply approximately 20.9% of the net proceeds from the Global Offering (approximately HK$20.1 million) to fund our capital needs and cash flow for our new projects as part of our expansion strategy. See "Future Plans and Use of Proceeds" for further details of the expected funding of our new projects.

Strengthen our research and development capabilities in product development

We believe our competitiveness are driven, to a large extent, by our emphasis on research and development in product development. According to the F&S Report, IT solutions services providers with their own research and development capability can provide services that can better satisfy the distinctive needs of their customers and help them to achieve greater efficiency in terms of budget and resource allocation, and thus will have a competitive edge over the other market players. Therefore, to maintain our market position and to capture potential business opportunities in other IT solutions markets, such as the government IT solutions market, in Guangxi and other regions in the PRC, we intend to continuously strengthen our research and development capabilities and commit to the development of potential new products to complement our integrated IT solutions services.

We have set up two research and development centres, which are located in Nanning, (where we are based), and Chengdu, respectively. We believe that the establishment of these two research and development centres not only allows us to develop products which can accommodate more of our customers' specific operational environment and improve their operating efficiency, but also enables us to have better cost control and offer more competitive pricing, which in turn drove and will continue to drive our business development. In particular, our self-developed products were continuously involved in our integrated IT solutions projects with an increase in revenue contribution in recent years, which also contributed to our considerable business growth during the Track Record Period, notwithstanding the fact that the utilisation of our self-developed products depends on the circumstance and requirement of each project and may vary from time to time. In addition, as a result of our research and development efforts, according to the F&S Report, we are one of the few local education IT solutions services providers that has self-developed product offerings in Guangxi.

To support our business expansion plan, we intend to offer our customers integrated IT solutions services with the application of a wider variety of technologies, preferably with our self-developed products which can be developed and used to meet the distinctive needs of our customers. Accordingly, we intend to establish a new research and development centre and designate the new research and development centre in Shenzhen to support the development of cloud computing related products. In particular, we will explore the possibility of developing our cloud platform which we intend to provide different kinds of cloud services to our customers and/or their end users, such as cloud services management platform, documents sharing, cloud storage, and data migration. Based on our latest development plan which shall be subject to the industry trend and market demand, we plan to develop the following cloud computing related products:

Product name	**Description**
Digitalised education/government cloud platform (智慧教育／政務雲平台)	A comprehensive education/government cloud platform, aiming to provide one-stop customised educational/governmental services for its users. It can integrate numerous third party services to provide users with a full range of educational/governmental resources and services. Its goal is to build a unified platform for education/government informatisation at the provincial or city or county or school levels, realise information sharing and optimise efficiency of educational/governmental resources.

Product name	Description
Digital twin 3D visualisation platform (數字孿生三維可視化平台)	A platform which provides the school management with a full range of three-dimensional simulation scenes of the campus, including indoor and outdoor. It can realise visualisation of the campus, tracking and checking of data from various management systems, unify data of different dimensions into unified three-dimensional scenes, and allow an integrated system of monitoring, early warning, diagnosis and analysis. The platform integrates a variety of real-time data, improves the efficiency of information interaction, and enhances the overall information management.
Digital twin IoT platform (數字孿生物聯網平台)	A platform which provides unified management for school infrastructure and equipment, and upgrades the basic information management experience to a visualised and touchable mode. It allows a unified IoT management platform, realises unified access of sensing devices, centralised management and data sharing and utilisation. In particular, it can connect all kinds of equipment of the school to allow real-time perception and response, and thus realise management and control, and improve the quality and efficiency of information management and services.

We intend to utilise and integrate the cloud computing related products developed under our research and development projects with our existing integrated IT solutions services to increase the variety of our products and services, so as to enhance our capability to provide customised integrated IT solutions. These products are planned to be applicable to both education and government segments.

Our focus on cloud computing related products and services is based on the latest industry trend and development in the education and government IT solutions markets. According to the F&S Report, with the rapid development of related technologies, including IoT and AI, along with the upgrade of IT infrastructure, the demand for cloud services to be applied in the IT infrastructure in education institutions and government authorities in the PRC will continue to grow in the foreseeable future. In particular, according to the "Action Plan for the Integration and Development of Virtual Reality and Industry Applications (2022-2026)" (《虛擬現實與行業應用融合發展行動計劃 (2022-2026年)》) jointly issued by MIIT, MOE, the Ministry of Culture and Tourism of the PRC (中華人民共和國文化和旅游部), the National Radio and Television Administration (國家廣播電視總局), and the General Administration of Sport of China (國家體育

總局) in November 2022, the overall market size of virtual reality related market will exceed RMB350 billion in the PRC, and advanced technologies such as 5G, artificial intelligence, big data, cloud computing, blockchain, and digital twins will all become the key technologies for future informatisation development. On the other hand, according to the F&S Report, there is no dominating player in the education IT solutions market in the PRC for cloud computing related products, which shall offer us considerable growth potential to develop the products to maintain our competitiveness.

During the Track Record Period, we had completed five integrated IT solutions projects with an aggregate contract value of more than RMB15 million, which involved relevant cloud computing related products procured by us from third party suppliers. We had also been unable to secure several orders in relation to relevant cloud computing related products and services, with an expected aggregate contract value of more than RMB20 million during the Track Record Period, from our potential customers, after considering factors such as the procurement costs required and our capacity at the material time.

We consider that developing our own products and services, rather than relying on third party products or services, would be in the interest of our Group. Not only are we able to have a better cost control and thus more competitive pricing due to our ability to reduce the procurement costs incurred in purchasing software from third parties, we are able to customise the products and services tailored for the needs of our potential customers. Furthermore, we can better manage the risks associated with our integrated IT solutions services, including the risk that our suppliers may not be able to provide timely delivery of their products or services. Therefore, we believe that there are sufficient market demand and business needs to support the establishment of the new research and development centre and the development of cloud computing related products and services.

In terms of the location of establishing the new research and development centre, in line with our past business strategies, we plan to set up our third research and development centre in Shenzhen. In 2018, we strategically selected Chengdu as the location of our second research and development centre, having considered that (i) it was estimated that there would be an increase in demand of big data analytic and AI related products; (ii) due to the then relatively slow IT development and limited number of IT talents in Guangxi, we were restricted to develop our own big data analytic and AI related products and thus would be required to use those products developed by third parties in our integrated IT solutions projects, which in turn limited the flexibility to customise to fit in the specification of our projects and constrained our cost control; (iii) Chengdu is a rising technology hub in the PRC with a number of IT talents and thus setting up a research and development centre there would be beneficial to us to develop products with the use of advanced technologies, such as big data and AI. Upon setting up of our second research and development centre, our research and development centre in Chengdu has been mainly responsible for researching the application of advanced technologies, such as developing the relevant algorithm, while our research and development centre in Nanning which is closer to our customers is mainly responsible for designing the interfaces and production of application systems, incorporating the technologies developed by Chengdu centre, in order to accommodate most of the business needs of our customers. As a result, we developed products such as Maiyue Big Data Analysis Platform (邁越大數據分析平台) and Maiyue Data Visualisation Platform (邁越數據可視化平台) and, benefitted by such effort, our self-developed products were continuously involved in our integrated IT solutions projects in recent years.

As a result, although our primary business strategy is to further strengthen our market position in Guangxi and there were alternatives of strengthening our research and development capabilities such as expanding our existing research and development centres, we consider leveraging our experience and success in setting up of our second research and development centre in Chengdu and then our third research and development centre in Shenzhen, the proximity of which to Nanning (where we based) is even closer than Chengdu, would be in our general interest as further elaborated below. Similar to the responsibility of our research and development centre in Chengdu, the new research and development centre in Shenzhen will be mainly responsible for researching the application of cloud computing related technologies, such as developing the relevant algorithm, which will be incorporated in the application system products to be designed and produced by Nanning centre.

We believe that the setting up of an additional research and development centre in Shenzhen is in line with the development and growth of the IT industry in the PRC. Our Directors are of the view, which is also supported by the F&S Report that, Shenzhen is one of the top cities in the IT industry in the PRC. The development of the IT industry in Shenzhen is also supported by the government policies, such as the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" (《粵港澳大灣區發展規劃綱要》) issued in February 2019, which stipulated, among others, the goal to promote the Greater Bay Area as the capital of technological innovation and IT services. Under such plan, the Greater Bay Area will be further developed as a strategic economic zone in the PRC, and Shenzhen will play a significant role in the overall IT services development in the PRC. As a result, we believe that setting up a research and development centre in Shenzhen can provide us with cutting-edge research and development capabilities and IT talents. We may also, by leveraging the proximity with many top market players in the industry, including hardware and/or software suppliers, have closer interaction and communication with such suppliers, which shall in turn facilitate our development of cloud computing related products.

We also consider that the setting up of a new research and development in Shenzhen will enable us to achieve our business strategies. We had a considerable business growth in terms of revenue and gross profit during the Track Record Period, which demonstrates our competitiveness in the education IT solutions market in Guangxi and considerable growth potential to further expand our market share in the education IT solutions market in Guangxi, as well as to expand our business to other IT solutions markets in Guangxi and other regions in the PRC, when suitable opportunity arises. We consider that, in addition to improving our research and development capability, this will also improve our corporate image and market reputation as having an additional research and development centre in one of the top cities in the IT industry would demonstrate to our customers our devotion and effort in continuously strengthening our research and development capability, and hence facilitate our development of business relationship with potential customers based in the nearby cities in the long run.

Subject to (i) the availability of net proceeds from the Global Offering to finance the costs associated with the establishment of the research and development centre and the recruitment of research and development personnel; (ii) the availability of hardware, software and equipment to be supplied by our suppliers for research and development purposes; and (iii) the actual implementation progress including the progress of setting up the research and development centre and the results of designing, developing and testing the relevant programs or systems, it is expected that we can commence the operation of the research and development centre and the development of the abovementioned cloud computing related products in the fourth quarter of the year ending 31 December 2023, and complete the design and development stage of the products and the testing stage by the third and fourth quarter of the year ending 31 December 2024, respectively, and launch, promote and deploy the products thereafter. Based on, among others, the foregoing and the estimated costs of equipment and manpower required in the new research and development centre and the historical costs required for our integrated IT solutions projects, and subject to, among others, the timing of developing the related products, the response received from our customers and our ability to hire qualified staff, we estimate the investment breakeven and payback period of the new research and development centre will be approximately three to four years and four to five years, respectively. It is also estimated that there would be an increase in depreciation expense of RMB1.2 million per annum for two years after the establishment of the new research and development centre in Shenzhen. However, we are of the view that the benefits to be brought by the establishment of such research and development centre would outweigh its costs. We believe that, with our self-developed cloud computing related products, we can also enhance market presence as an integrated IT solutions services provider by promoting these newly developed products to our existing and potential customers, which will boost up our revenue in the long run.

Apart from the establishment of our new research and development centre in Shenzhen, we also intend to continuously enhance the capability of our existing research and development centres in Nanning and Chengdu. Our research and development efforts in product development mainly include (i) regular communications with our customers to understand their needs and requirements; (ii) applications of up-to-date technologies and continuous expansion and updates of our solutions; and (iii) extensive testing of our IT solutions. Therefore, to support our expansion plan and maintain the quality of our integrated IT solutions services, we believe that it is essential to expand our existing research and development centres in Nanning and Chengdu. In this connection, we intend to recruit local personnel with background in the IT industry.

We intend to apply approximately 27.8% of the net proceeds from the Global Offering (approximately HK$26.8 million) to strengthen our research and development capabilities. See "Future Plans and Use of Proceeds" for further details of (i) the cost associated with the establishment and strengthening of our research and development centres; and (ii) the number of research and development personnel to be recruited, their respective functions and the cost associated.

Recruit talents to explore future business opportunities and enhance our competitiveness

As part of our expansion strategies, we intend to strengthen our market position by reaching out to more customers in order to capture future business opportunities and solidifying our relationships with our existing customers who may engage us in new projects. In this connection, we intend to hire additional sales and marketing personnel with extensive experience and relevant qualifications. With an expanded sales and marketing team, we can increase the frequency of marketing activities to maintain close relationship with existing and new customers and respond promptly to their requirements and preferences, thereby capturing new sales opportunities and expanding our market share.

Alongside our business expansion, we intend to expand our project management team and technical team to support our additional projects, especially having considered our intention to expand our business to other regions and other IT solutions markets.

We intend to apply approximately 9.1% of the net proceeds from the Global Offering (approximately HK$8.8 million), for recruitment of additional staff in our sales and marketing team, project management team and technical team in support of our business expansion. See "Future Plans and Use of Proceeds" for further details on the numbers of employees to be recruited, their respective functions and the costs associated.

Upgrade our own IT infrastructure to achieve operational efficiency

Our business encompasses different kinds of works such as design of integrated IT solutions, development of solution-based application systems and sourcing of suitable hardware, software and equipment, implementation of integrated IT solutions, and/or provision of technical and maintenance supporting services. Therefore, to cope with our business expansion, it is important for us to have enhanced IT infrastructure to support our operation of different functions and locations. We plan to upgrade and optimise our existing IT infrastructure including hardware (e.g. computer equipment, projecting equipment and printing equipment) and software (e.g. monitoring and managing system) which encompasses functions of data storage, electronic documentation, communication technology network, computer systems and information security to help our management effectively monitor and control our operations. We believe that the upgrades of our information technology system will ensure effective coordination among various aspects of our business as we expand.

In addition, our plan of upgrading our own IT infrastructure also includes setting up interactive information kiosks in our offices which will serve as direct access points to allow our existing and/or potential local customers to gain first-hand experience in the usage and functionality of our IT solutions services and products offered by us, whereas our technical staff will provide demonstration of the software application as well as integration of different types of IT products and services to our customers. Through the interactive information kiosks, we also intend to provide demonstrations and proof of concepts services for pitching potential customers which can in turn support our business strategies of expanding our customer base and strengthening our market position.

We intend to apply approximately 11.8% of our net proceeds from the Global Offering (approximately HK$11.4 million) to upgrade our IT infrastructure. See "Future plans and use of proceeds" for further details.

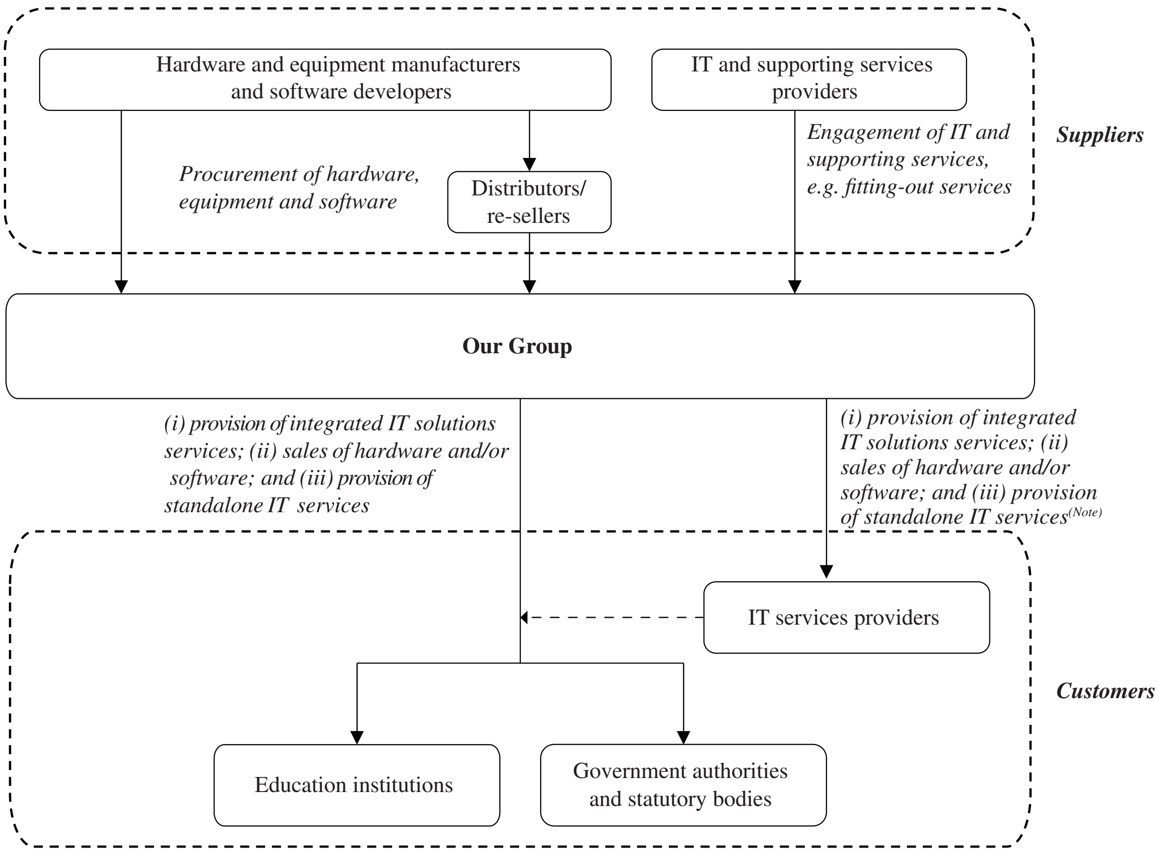
Enhance our brand recognition and awareness

We are well-established in the education IT solutions market in Guangxi and we believe that our customers associate us with customised integrated IT solutions and quality customer services. We believe our reputation as a customised integrated IT solutions services provider is vital to our ongoing success.

We plan to continue establishing a customer-oriented brand image by increasing our marketing efforts in arranging for more marketing activities, such as attending more industry conferences and seizing opportunities to form partnerships with our business partners, to increase brand recognition and brand loyalty. We believe that this is complementary to and will support our other expansion plan. In particular, we will need to promote and raise awareness of our continuous technological innovation in order to attract more customers. Enhancing our brand recognition will also facilitate our negotiations with our suppliers for cooperation and collaboration in the procurement of hardware, equipment and software and provision of services. We intend to apply our internal resources to enhance our brand recognition and awareness.

OUR BUSINESS MODEL

We are an integrated IT solutions services provider, which principally engaged in the (i) provision of integrated IT solutions services; (ii) sales of hardware and/or software; and (iii) provision of standalone IT services. The following diagram illustrates our business model:



Note: Other IT services providers may (i) assign us all or part of their project works by engaging us for the provision of integrated IT solutions services; or (ii) purchase hardware and software, and standalone IT services from us.

OUR SERVICES

During the Track Record Period, our services can be categorised into three segments, namely (i) integrated IT solutions services; (ii) sales of hardware and/or software; and (iii) standalone IT services. The following table sets out a breakdown of our revenue by business segment for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Integrated IT solutions services	189,485	91.5	169,337	83.9	198,491	81.6	1,690	21.1	4,976	57.6
Sales of hardware and/or software	12,225	5.9	26,834	13.3	40,980	16.8	5,662	70.8	2,924	33.8
Standalone IT services	5,364	2.6	5,571	2.8	3,784	1.6	644	8.1	741	8.6
Total	207,074	100.0	201,742	100.0	243,255	100.0	7,996	100.0	8,641	100.0

We secure our projects through tendering, quotations or direct engagement. See "— Sales and Marketing — Tendering" below for further details.

Integrated IT solutions services

We have been focusing on the provision of customised integrated IT solutions services according to the specific requirements of our customers. Our customised integrated IT solutions include (i) design of integrated IT solutions accommodating the specific requirements of our customers; (ii) development of solution-based application systems and sourcing of suitable hardware, software and equipment; (iii) implementation of integrated IT solutions including construction, integration and upgrade of IT infrastructure and systems; and/or (iv) provision of technical and maintenance supporting services. See "— Our Operation" below for further details of our typical work flow and duration in relation to provision of our integrated IT solutions services. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, a majority of our revenue was generated from the provision of integrated IT solutions services, which accounted for 91.5%, 83.9%, 81.6% and 57.6% of our total revenue, respectively.

During the Track Record Period, while we strategically focused on the education sector, we have leveraged our experience accumulated throughout the development and provision of integrated IT solutions services in the education sector and effectively expanded our service coverage to the government sector with an aim to assist customers in the government sector in relation to digitalised government development. See "— Our Customers" for further details in relation to the breakdown of our revenue by industry sector of end users during the Track Record Period.

Our projects undertaken during the Track Record Period

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, we engaged in 122, 89, 106 and 15 integrated IT solutions projects, respectively, which contributed to our revenue. The following table sets out a breakdown of our integrated IT solutions projects by revenue recognised for the years/period indicated:

	Years ended 31 December			Four months ended 30 April
	2020	**2021**	**2022**	**2023**
Revenue recognised				
Over RMB10,000,000	4	4	2	—
RMB5,000,000 to RMB10,000,000	5	5	3	—
RMB1,000,000 to RMB5,000,000	31	30	27	1
Below RMB1,000,000	82	50	74	14
Total	122	89	106	15

Note: The number of projects in the table denotes projects which had generated revenue during the year and may include projects that were brought forward from previous years.

The following table sets out the number of integrated IT solutions projects awarded to us and completed for the years/period indicated:

	Years ended 31 December			Four months ended 30 April
	2020	**2021**	**2022**	**2023**
Projects brought forward	11	6	6	12
Number of new projects awarded	117	89	112	24
Number of projects completed	(122)	(89)	(106)	(15)
Projects carried forward	6	6	12	21

The following table sets out the contract value (excluding VAT) of integrated IT solutions projects awarded to us and revenue recognised for the years/period indicated:

	Years ended 31 December			Four months ended 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Outstanding contract value (excluding VAT) as at the beginning of the year/period	13,368	19,063	6,636	11,681
Contract value (excluding VAT) of projects awarded during the year/period*(Note)*	195,180	156,910	203,536	7,506
Revenue recognised during the year/period	(189,485)	(169,337)	(198,491)	(4,976)
Outstanding contract value (excluding VAT) as at the end of the year/period	19,063	6,636	11,681	14,211

Note: For projects in which we were or will be regarded as an agent pursuant to the relevant accounting standards and policies, for the purpose of this table, we only include the revenue recognised or expected to be recognised by us as the contract value.

The following table sets out a breakdown of outstanding contract value (excluding VAT) of integrated IT solutions projects by industry sector of end users as at the date indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Education	6,686	4,951	10,383	12,362
Government	12,377	1,685	1,298	1,849
Total	19,063	6,636	11,681	14,211

Subsequent to the Track Record Period and up to the Latest Practicable Date, we were awarded 23 integrated IT solutions projects from which we expect to derive revenue of RMB71.4 million and completed 22 integrated IT solutions projects with contract value (excluding VAT) of RMB7.8 million. As at the Latest Practicable Date, we had (i) 22 ongoing integrated IT solutions projects with outstanding contract value (excluding VAT) of RMB76.2 million; and (ii) outstanding contract value (excluding VAT) of RMB1.2 million attributable to maintenance works after for our completed projects. Out of the 22 ongoing integrated IT solutions projects, 21 projects are projects with end users in the education sector and the remaining project is a project which does not specify the end users of the projects. See "— Our Services — Integrated IT solutions services — Our ongoing projects" for further details of our ongoing projects as at the Latest Practicable Date.

Our five largest integrated IT solutions projects in terms of revenue recognised in each year during the Track Record Period accounted for 34.3%, 41.4% and 57.6% of our total revenue recognised from integrated IT solutions projects for the years ended 31 December 2020, 2021 and 2022, respectively; while, due to seasonality effect on our business operation resulting in majority of our revenue being recognised during the fourth quarter of the year in general, our largest integrated IT solutions project in terms of revenue recognised in that period accounted for 89.1% for the four months ended 30 April 2023. See "— Our operation — Seasonality" for details of seasonality effect on our business operation. The following tables set out the details of our five largest integrated IT solutions projects for the years/period indicated:

Year ended 31 December 2020

Rank	Project	Customer	Nature of works	Type of customers	Industry sector of end users	Year awarded	Year of completion	Contract value (excluding VAT)	Year ended 31 December 2020 Revenue recognised	Year ended 31 December 2020 Percentage of segment revenue
								RMB'000	*RMB'000*	*%*
1	Project F	Shuguang Maiyue[1]	Integrated IT solutions services in relation to the implementation of a cloud data centre, which involved the installation of hardware and software in relation to cloud data system platform and cloud service management system	IT services providers	Education	2020	2020	18,849	18,849	9.9
2	Project G	Shuguang Maiyue[1]	Integrated IT solutions services in relation to the connection of network within the education institution, which involved the installation of hardware and software in relation to virtual network system, intelligent management system, IT resources management system, etc.	IT services providers	Education	2020	2020	15,242	15,242	8.0
3	Project H	Customer B[1]	Integrated IT solutions services in relation to the upgrade of the computer rooms in an education institution, which involved the installation of hardware and software in relation to virtualised cloud desktop system, data analytic system and reservation system, etc.	End users	Education	2020	2020	11,902	11,902	6.3
4	Project I	Customer I[1]	Integrated IT solutions services in relation to the upgrade of the computer rooms in an education institution, which involved the installation of hardware and software in relation to virtualised cloud desktop system and data analytic system etc.	IT services providers	Education	2020	2020	10,679	10,679	5.6
5	Project J	Digital Guangxi[1]	Integrated IT solutions services in relation to the migration of database systems, which involved installation of the relevant hardware and software	IT services providers	Government	2020	2020	34,138[2]	8,581	4.5
								Total revenue recognised	**65,253**	**34.3**

Year ended 31 December 2021

Rank	Project	Customer	Nature of works	Type of customers	Industry sector of end users	Year awarded	Year of completion	Contract value (excluding VAT)	Year ended 31 December 2021 Revenue recognised	Year ended 31 December 2021 Percentage of segment revenue
								RMB'000	*RMB'000*	*%*
1	Project K	Digital Guangxi[(1)]	Integrated IT solutions services in relation to the migration of IT systems, which involved installation of the hardware and software in relation to office automation system and data management system	IT services providers	Government	2021	2021	18,806	18,800	11.1
2	Project L	Customer J[(1)]	Integrated IT solutions services in relation to the construction of IT infrastructure in an education institution, which involved installation of the hardware and software in relation to audio management system, book management system, mental health management system, etc.	End users	Education	2021	2021	15,248	15,248	9.0
3	Project M	Digital Guangxi[(1)]	Integrated IT solutions services in relation to the migration of IT systems, which involved installation of the hardware and software in relation to document and information management system	IT services providers	Government	2021	2021	14,703	14,703	8.7
4	Project N	Customer K[(1)]	Integrated IT solutions services in relation to the construction of a security system, which involved installation of the hardware and software in relation to security system	IT services providers	Government	2021	2021	12,982	12,982	7.7
5	Project O	Digital Guangxi[(1)]	Integrated IT solutions services in relation to the implementation of data centre, which involved installation of the relevant hardware and software	IT services providers	Government	2020	2021	33,360[(2)]	8,316	4.9
								Total revenue recognised	**70,049**	**41.4**

Year ended 31 December 2022

Rank	Project	Customer	Nature of works	Type of customers	Industry sector of end users	Year awarded	Year of completion	Contract value (excluding VAT)	Year ended 31 December 2022 Revenue recognised	Year ended 31 December 2022 Percentage of segment revenue
								RMB'000	*RMB'000*	*%*
1	Project R [3]	Customer X [1]	Integrated IT solutions services in relation to the construction and upgrade of IT infrastructure of more than 200 primary and secondary schools within an area in Guangxi, which involved installation of more than 600 multi-media classrooms and classroom synchronise system for more than 1300 classrooms, etc..	End users	Education	2022	2022	86,882	83,722	42.2
2	Project P	Customer O [1]	Integrated IT solutions services in relation to the construction of IT infrastructure in an education institution, which involved installation of the hardware and software in relation to digitalised classroom system, digitalised classroom management system, recording system and intelligent teaching management system, etc.	End users	Education	2022	2022	11,177	11,177	5.6
3	Project Q	Customer B [1]	Integrated IT solutions services in relation to the construction of a virtual reality innovative laboratory, which involved installation of the hardware and software in relation to virtual simulation experiment teaching management platform, virtual reality large-screen teaching system, multi-person collaborative adaptation system and virtual reality content creation system, etc.	End users	Education	2022	2022	8,473	8,473	4.3
4	Project S	Customer R	Integrated IT solutions services in relation to the construction of IT infrastructure in an education institution, which involved installation of the hardware and software in relation to data management system, big data analytic system and unified identity verification system, etc.	End users	Education	2022	2022	5,597	5,597	2.8
5	Project T	Customer Q	Integrated IT solutions services in relation to the implementation of internet server in an education institution, which involved installation of the hardware and software in relation to wireless network system, network maintenance management system, etc.	End users	Education	2022	2022	5,330	5,330	2.7
									114,299	57.6

Four months ended 30 April 2023[4]

Rank	Project	Customer	Nature of works	Type of customers	Industry sector of end users	Year awarded	Year of completion	Contract value (excluding VAT)	Four months ended 30 April 2023 Revenue recognised	Four months ended 30 April 2023 Percentage of segment revenue
								RMB'000	*RMB'000*	%
1	Project U	Customer S[1]	Integrated IT solutions in relation to the upgrade and expansion of computer training room in an education institution, which mainly involved installation of computers, etc.	End users	Education	2022	2023	4,432	4,432	89.1

Notes:

(1) See "— Our Customers" below for further details of the background of this customer.

(2) We acted as an agent under the project and therefore recognised some of the revenue on a net basis.

(3) We recorded gross profit margin of 53.9% for this project, which was higher than our overall gross profit margin for the year. Our Directors consider the higher gross profit margin was mainly attributable to our higher bargaining power due to the involvement of relatively large amount of products and locations and the relevant completion timeframe (i.e. around three months). In order to complete the project within the required timeframe, we were required to conduct and we had conducted various preparation works and pre-order of relevant hardware or software prior to the project commencement. We procured the relevant customer and project through tendering for the project in 2022.

(4) Except for Project U, each of our other integrated IT solutions projects for the four months ended 30 April 2023 recorded revenue of less than RMB0.5 million for the period.

Our ongoing projects

As at the Latest Practicable Date, we had 22 ongoing integrated IT solutions projects which we expect to derive revenue of RMB76.2 million for the year ending 31 December 2023. The following table sets out the summary of our five largest ongoing integrated IT solutions projects in terms of revenue expected to be recognised for the year ending 31 December 2023:

Rank	Project	Customers	Type of customer	Industry sector of end users	Year awarded	Contract Value (including VAT)	Revenue recognised during the Track Record Period	Revenue expected to be recognised for the year ending 31 December 2023
						RMB'000	*RMB'000*	*RMB'000*
1	Project X	Customer V	End users	Education	2023	65,185	—	57,686
2.	Project V . . .	Customer G[(1)]	End users	Education	2023	3,771	—	3,337
3.	Project Y	Customer W	End users	Education	2023	3,587	—	3,174
4.	Project Z . . .	Customer EE	End users	Education	2023	3,566	—	3,156
5.	Project W . . .	Customer U	IT services providers	Education	2023	1,400	—	1,239

Note:

(1) See "— Our Customers" below for further details of the background of this customer.

Our self-developed product offerings

As a result of our research and development capabilities, since 2015, we have developed a comprehensive portfolio of product offerings involving application of advanced technologies such as big data analytics, IoT, cloud computing and AI, to complement our integrated IT solutions services. Our self-developed products are fully developed in-house based on our internal research and development, and are not modified versions of other pre-existing third-party's software. According to the F&S Report, we are one of the few local education IT solutions services providers that have self-developed product offerings in Guangxi. Depending on the circumstance and requirement of each project, we may use our self-developed products in the provision of our integrated IT solutions services.

The following table sets forth a breakdown of our integrated IT solutions projects by whether or not our self-developed products were involved for the years/period indicated:

	Years ended 31 December															Four months ended 30 April				
	2020					2021					2022					2023				
	Number of projects	Revenue	Percentage of segment revenue	Gross profit	Gross profit margin	Number of projects	Revenue	Percentage of segment revenue	Gross profit	Gross profit margin	Number of projects	Revenue	Percentage of segment revenue	Gross profit	Gross profit margin	Number of projects	Revenue	Percentage of segment revenue	Gross profit	Gross profit margin
		RMB'000	%	*RMB'000*	%		*RMB'000*	%	*RMB'000*	%		*RMB'000*	%	*RMB'000*	%		*RMB'000*	%	*RMB'000*	%
Integrated IT solutions projects																				
— our self-developed products involved(Note)	26	22,159	11.7	15,040	67.9	25	37,566	22.2	29,472	78.5	20	26,855	13.5	19,821	73.8	1	376	7.6	359	95.5
— our self-developed products not involved	96	167,326	88.3	54,090	32.3	64	131,771	77.8	54,649	41.5	86	171,636	86.5	74,954	43.7	14	4,600	92.4	487	10.6
Total	122	189,485	100.0	69,130	36.5	89	169,337	100.0	84,121	49.7	106	198,491	100.0	94,775	47.7	15	4,976	100.0	846	17.0

Note: A project is regarded to have our self-developed products involved if our self-developed products in the project contribute more than 50% of the total revenue of software sold within the project. Such threshold on the level of involvement was determined by our management with reference to their industry knowledge and experience.

During the Track Record Period, we determined whether we would use our self-developed products and include such in our tender proposal or quotation based on the specifications and requirements of the projects. We believe that the general increase in utilisation of our self-developed products during the Track Record Period could be largely attributed to our focus on research and development. Going forward, with our continuous focus on research and development, we believe that we can develop a wider variety of self-developed product offerings in the future, which will in turn allow us to deploy more integrated IT solutions projects of different specifications and requirements.

The following table sets out the summary of our self-developed product offerings:

Product name	Associated registered intellectual property rights *(Note)*	Target Users	Main focus
Maiyue Unified Identity Verification System (邁越統一身份認證系統)	Maiyue Unified Identity Verification System v1.0 (邁越統一身份認證系統 v1.0) (Registration year: 2019)	• Education institutions • Government authorities	Through providing functions including data collection, data management, application system connection and verification management, the system provides a unified identity and access management system for organisations to allow users to access different IT systems across the organisations.
Maiyue Data Diagnosis Platform (邁越信息化診改平台)	Maiyue Data Diagnosis Platform v2.0 (邁越信息化診改平台v2.0) (Registration year: 2019)	• Education institutions	Through providing management and diagnosis functions with the utilisation of big data analytic technology, the platform offers an internal diagnosis system for education institutions with an aim to assist them to improve the teachers' teaching quality and the students' academic behaviours.
Maiyue Data Centre Platform (邁越數據中心平台).	Maiyue Data Centre Platform v1.0 (邁越數據中心平台 v1.0) (Registration year: 2020)	• Education institutions • Government authorities	Through the use of data collection and computing technologies such as distributed collection and distributed computing, a data centre platform is set up to collect, process and analyse all the data of the organisations, and optimise the value of data.

Product name	Associated registered intellectual property rights *(Note)*	Target Users	Main focus
Maiyue Big Data Analysis Platform (邁越大數據分析平台)	Maiyue Big Data Analysis Platform v1.0 (邁越大數據分析平台v1.0) (Registration year: 2020)	• Education institutions • Government authorities	Through the use of big data analytic related technology, the platform enhances the data mining capabilities of organisations by providing the management of the organisations various types of big data analysis and application functions to facilitate their decision-making processes.
Chuangpeng Cloud Desktop Virtualisation System (創鵬雲桌面虛擬化系統)	Chuangpeng Cloud Desktop Virtualisation System v6.0 (創鵬雲桌面虛擬化系統 v6.0) (Registration year: 2020)	• Education institutions • Government authorities	Through the use of cloud computing technology, the system allows centralised servers to provide and manage virtual desktops, where end users can access to their individual desktops through network with different devices at different locations of the organisation.
Maiyue One-stop Web Office Automation System (邁越一站式網上辦事大廳系統)	Maiyue One-stop Web Office Automation System v1.0 (邁越一站式網上辦事大廳系統v1.0) (Registration year: 2018)	• Education institutions • Government authorities	Through the use of technologies such as workflow engine and AI technology (natural language processing), the system offers a unified office automation platform for organisations which provides cross-system and cross-department office processing functions with the support of intelligent functions.
Maiyue Data Visualisation Platform (邁越數據可視化平台)	Maiyue Data Visualisation Platform v1.0 (邁越數據可視化平台v1.0) (Registration year: 2021)	• Education institutions • Government authorities	Through the use of data technologies, including data mining and accurate portrait production, the system helps our customers to increase the value of their data.

Note: See "Statutory and General Information — B. Further information about our business — 2. Intellectual property rights" in Appendix IV to this prospectus for further details.

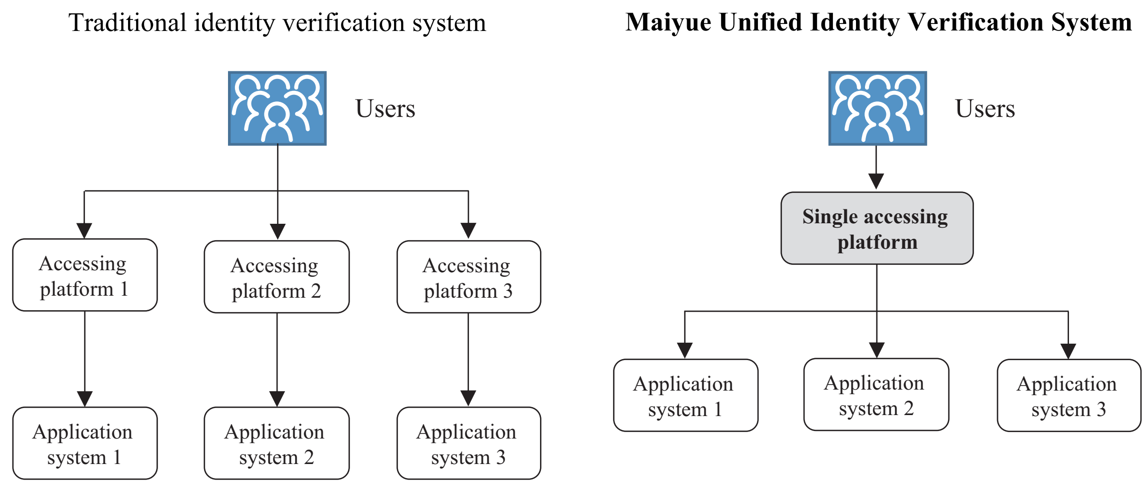
The following sets out the details of our self-developed product offerings:

Maiyue Unified Identity Verification System (邁越統一身份認證系統)

We build a unified identity and access management system for organisations to allow users to access different IT systems across the organisations with their respective unique and unified user identities. The system structure can be divided into four layers, including the following:

Data collection	It collects the user and group data of different application systems. User data of different application systems will be shared to facilitate unified management.
Data management	It includes user management, group management, application system management, and login management. User management involves managing user data such as user name, gender and age in different application systems in a single location to avoid duplication. Group management involves managing group data such as user groups and the relationship thereof in different application systems and the assignment of users into different user groups in a single location to avoid duplication. Application system management involves distribution of user identities and passwords to different application systems and setting of access permissions in different application systems. Login management allows management of the organisation to search and access historical records such as login time, person and access rights of different application systems, which provide basis for future statistics.
Application system connection	It provides identity verification function to application systems. Application systems can develop their respective programs and connect with the unified identity verification system.
Verification management	It allows users to use a single login interface to access to different application systems and switch to the other application systems without repeating logins.

The following sets out diagrams illustrating the function of our unified identity verification system as compared to the traditional identity verification system:



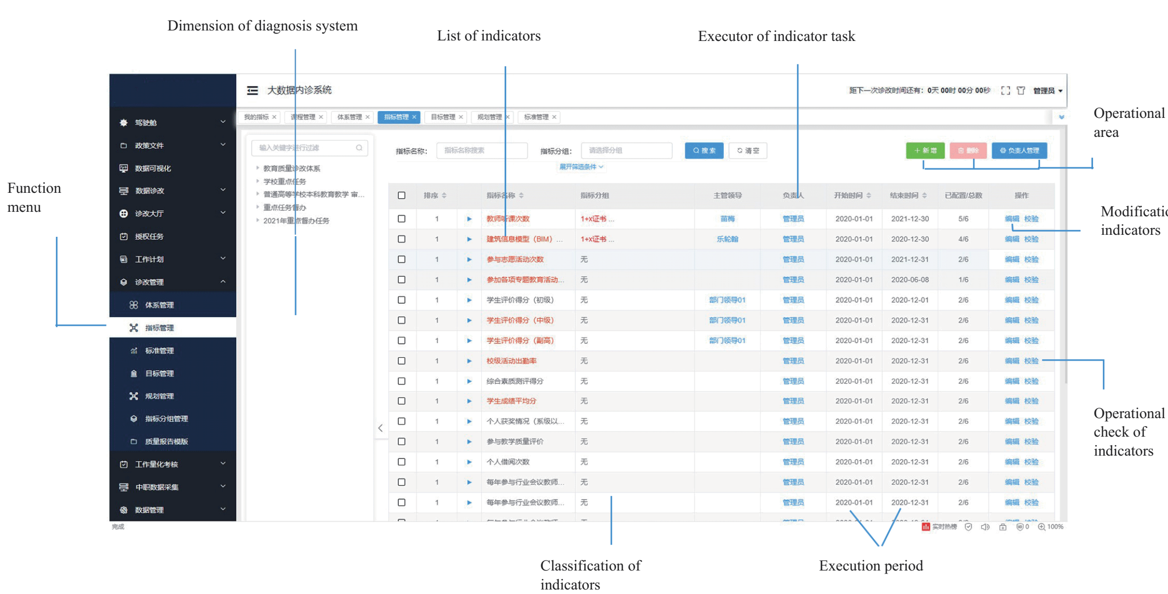
The system offers benefits to both organisations and end users. Organisations can reduce their cost on IT infrastructure construction as the system provides a standardised accessing platform for different application systems, which can in turn avoid the needs of setting up separate accessing platforms for each application system. It also improves the working efficiency of the organisation by providing a centralised system for managing user identities of different application platforms within the organisation. It also enhances the overall IT security across the organisation, where the centralised management system for all application platforms allows the organisations to monitor and manage all user actions in a single location. End users can also enjoy the benefit of the system by accessing to different application systems without repeating logins, which in turn enhance their work efficiency.

For example, with the traditional identity verification system, the user who is a principal of a school may need to create multiple systems such as student attendance management system, financial management system and admission management system, and memorise multiple sets of login details in order to administer the school. With the Maiyue Unified Identity Verification System, the principal would only need to create a single accessing platform and one set of login details to log into the abovementioned systems, which may enhance his overall working efficiency.

Maiyue Data Diagnosis Platform (邁越信息化診改平台)

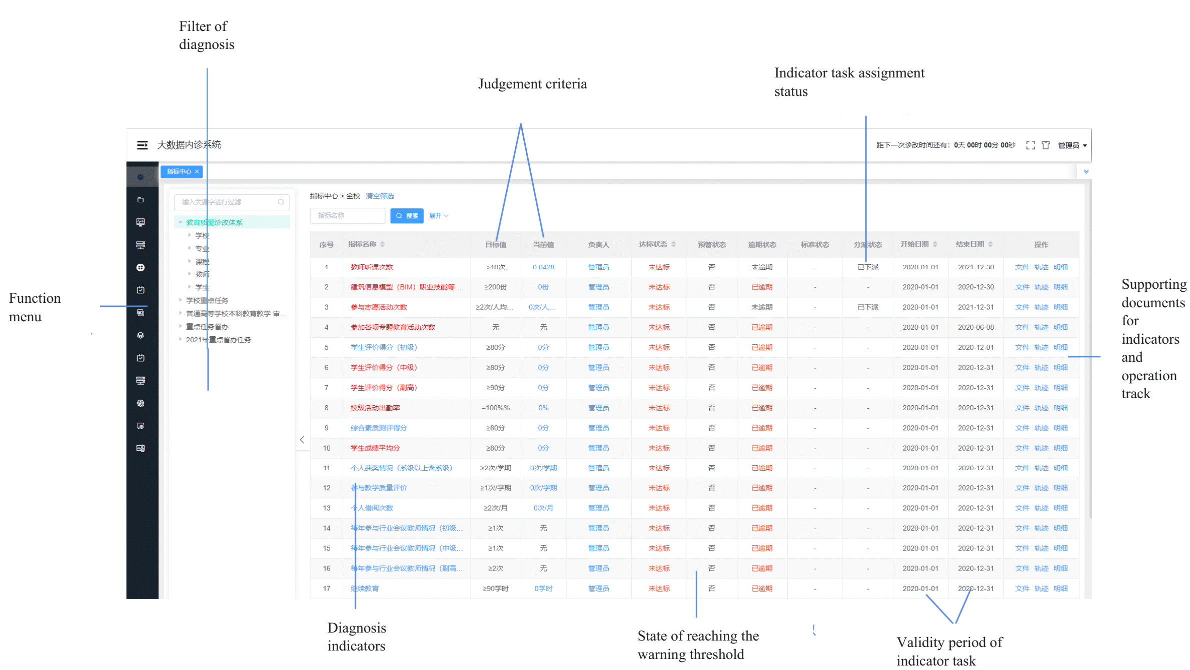
In recent years, the MOE issued several guidelines to education institutions of different levels to improve their respective internal control system in relation to teaching quality. In light of this, we build an internal diagnosis platform which involves elements of "***management***" and "***diagnosis***" for education institutions with an aim to assist them to improve the teaching quality and the students' academic behaviours by way of informatisation.

In respect of management, the platform designs management models for various aspects within the education institutions such as its systems, targets, standards, plans, performances and quality reporting in order to establish a more standardised internal quality management system. The platform also collects and manages data in relation to teaching management, staff management and group management to provide the source of data for analysis on the teaching and operation of the education institutions. The following sets forth a screenshot of the platform, showing a sample of the management model for teachers:



In respect of diagnosis, the platform utilises big data analytic technology to analyse teaching quality and students' academic behaviours and provide report on the teaching and operation for the education institutions and their teachers. The following sets forth a screenshot of the platform, showing a sample of the report on teaching quality:

The platform also provides rectification plans for education institutions and their teachers to improve their teaching quality and monitor the progress thereof. The following sets forth a screenshot of the platform, showing a sample of the rectification plan:



The platform can be used on its own or with support by other application systems, particularly our other self-developed products. For instance, data centres such as our Maiyue Data Centre Platform (邁越數據中心平台) can provide more sources of data in addition to those collected under the data diagnosis platform and thus allow a more comprehensive analysis, while data visualisation platforms such as our Maiyue Data Visualisation Platform (邁越數據可視化平台) can produce reports or summaries of different types which may increase the value of the analysis.

The platform offers benefits to the education institutions by (i) improving the teaching quality through alerting teachers their weaknesses and directing the rectification thereof; (ii) enhancing the general performance of the education institutions through providing timely diagnosis; and (iii) providing various types of indicators for the education institutions to cater for their specific needs when evaluating the quality of teaching and operation. For example, if the system reveals that the academic performance of a particular class is not as good as the other classes, the management of the education institutions may investigate the source of problem by looking at the reports and evaluating the performance of the class teacher, e.g. the management may understand from the reports which indicators were not satisfied so that they can understand how the performance of the class teachers can be improved, such as asking the class teachers to reconsider the curriculum in order to allow students to better understand concepts in class. They are also able to set targets for the teachers such as increasing the average class mark of a particular subject through the system and monitor the performance of the class thereafter through the system.

Maiyue Big Data Analysis Platform (邁越大數據分析平台)

We design a digitalised solution which provides data mining capabilities for organisations. Through the use of big data analytics related technology, the system provides management of various types of data and applications to facilitate their decision-making processes.

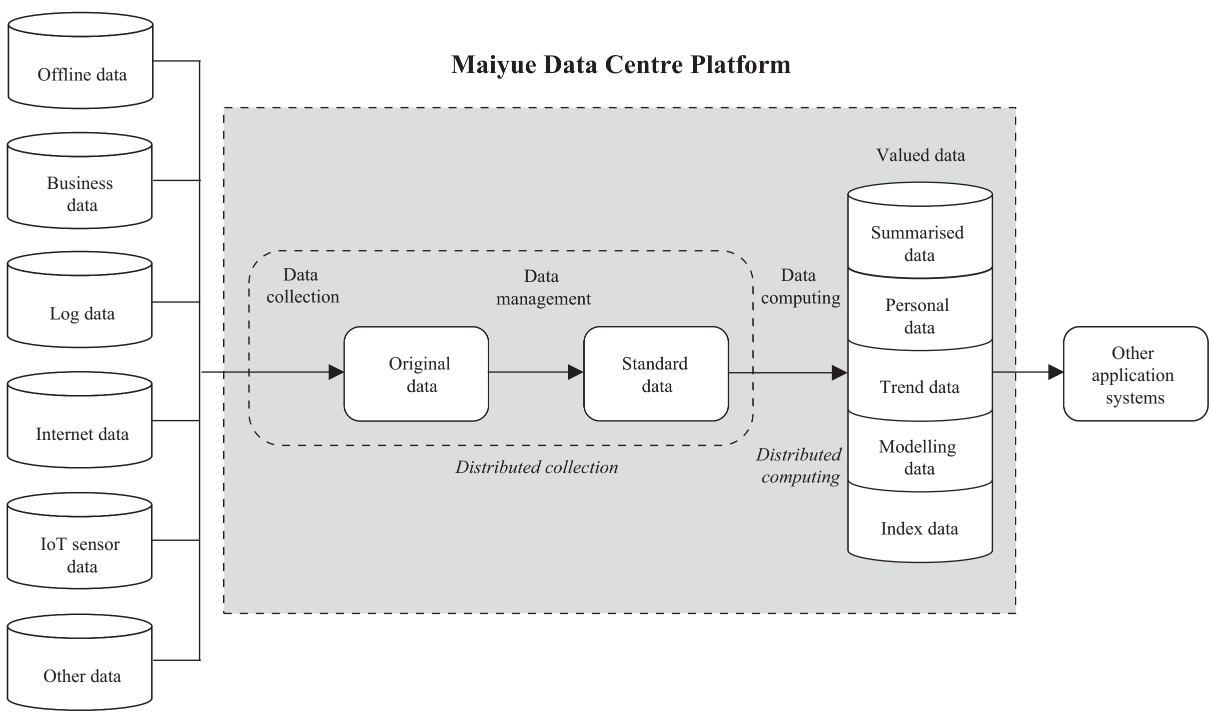
In particular, the platform provides information on the school's human and financial resources to facilitate the allocation of school resources and the decision-making process of the management of education institutions. The screenshot of the sample report on the school's human and financial resources is as follows:

The platform provides an identification mechanism designed for the management of the education institutions to have more understanding towards the students' learning and social life, and in turn allow them to make early intervention in relation to abnormal student groups. In particular, the management of education institutions may review the book borrowing records of the students through the platform, which in turn reveal the students' hobbies. If the borrowing records show any signs that a student is developing unhealthy or dangerous hobbies, the teacher can intervene and educate the student in advance. The following sets forth a screenshot of the platform, showing a sample of predictive and early warning model:

With the support of data, the platform also illustrates the advantages and disadvantages of different module selection and talent recruitment, and serves as a support to evaluate and improve teaching quality. The following sets forth a screenshot of the platform, showing a sample of report on the analysis of teaching quality:

Maiyue Data Centre Platform (邁越數據中心平台)

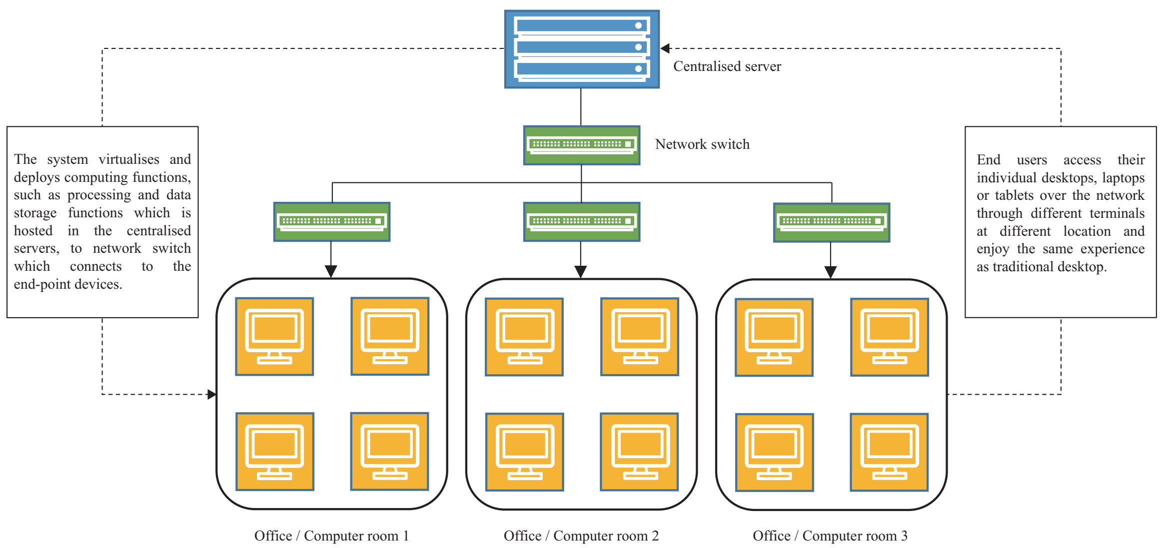
We build a data centre platform to collect, process and analyse all the data of the organisation, including offline data and data from existing IT system, and optimise the value of data by addressing the inconsistency of data from different sources. For example, without the data centre platform, the records of students in an education institution under various systems might be inconsistent as the systems are not able to synchronise with each other upon update of any of the systems. By implementing the data centre platform, the data in various systems will be changed simultaneously and all departments can see the updated records of students instantly, and allow real-time information exchange among different departments. The following sets out a diagram illustrating how our Maiyue Data Centre Platform functions:



In particular, we use distributed collection and distributed computing to obtain and perform analysis, classification and summary of massive data stored in the organisation to meet analysis needs of our customers. Distributed collection and distributed computing enable organisations to allocate tasks among multiple computers using dispersed physical resources through the computer network to improve operational efficiency and achieve information exchange. By utilising distributed computing technology, the platform is able to efficiently collect and analyse data, receive results such as discovering behaviour patterns of customers, and obtain predictive analytics results. The output generated from data collection and analysis will provide a basis for further analysis in other application systems.

Chuangpeng Cloud Desktop Virtualisation System (創鵬雲桌面虛擬化系統)

By utilising cloud computing technology, we use centralised servers to provide and manage virtual desktops. The system hosts desktop environments on centralised servers and deploys them to end users who can access the computers set up across various locations in the organisation. The following sets out a diagram illustrating how our Chuangpeng Cloud Desktop Virtualisation System functions:



The system has compatibility supporting deployment on public cloud, private cloud or hybrid cloud and offers versatility for organisations to choose based on their specific circumstances and needs. The system is also compatible with various domestic hardware and allows for customisation. The system has been certified by various local manufacturers to be compatible with the servers and operating systems produced by them.

The system offers several benefits to the organisations. As all data are stored and processed in the centralised server, the chance of data leakage due to any loss of a terminal is slim. With the system in place, the organisation can set up standardised desktop configurations for different groups in the organisation easier. Therefore, security and configuration management can be improved.

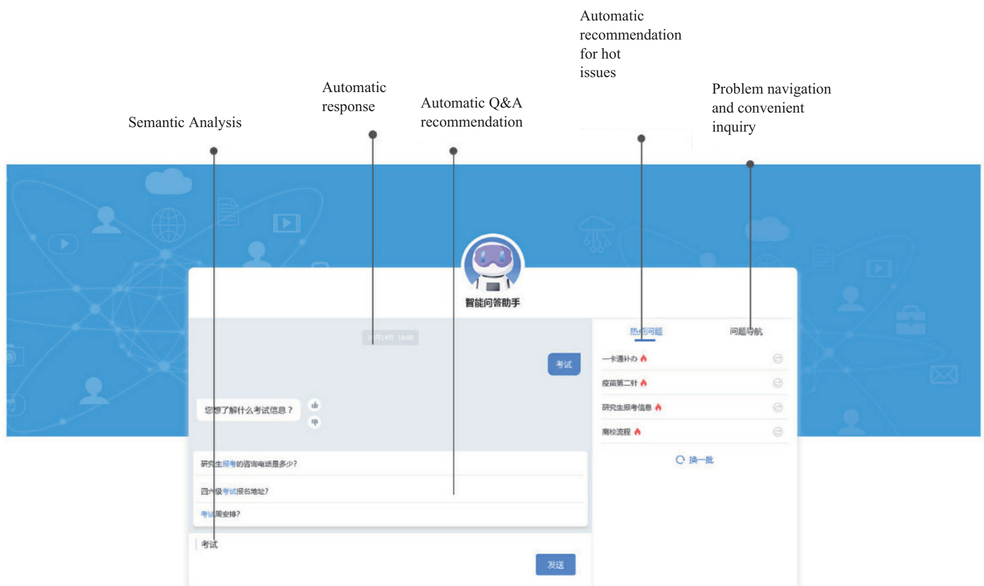
On the other hand, as the computing and processing take place in the host servers, rather than in the terminals, the hardware requirements for the terminals are lower. This may potentially reduce the need of distributing, installing and maintaining traditional desktop computers for all users in the organisation and allows management and maintenance in a single location. If there is any change in the hardware requirement, it is also easier to reallocate from the server side than from the terminals. For example, system administrators may need to install software into each and every terminal manually without the system. Yet, by utilising the system, the administrators can install the software in batches under the centralised server and manage thousands of computers at the same time. In addition, with all data located on the centralised servers, the system allows easier data collection which can be used for data analysis within the organisation.

Maiyue One-stop Web Office Automation System (邁越一站式網上辦事大廳系統)

We build an office automation platform for education institutions and government authorities, which (i) provides cross-system and cross-department office processing functions; and (ii) offers functions such as "automatic reminders", "automatic responses" and "automatic suggestions".

The system is designed to connect with various application scenarios and systems in the organisation, and provide end users with a range of services which can be accessed under a single application system. In particular, we utilise technologies to monitor the state of activities in a workflow, such as determining which new activity will be proceeded according to pre-defined procedures. Also, the data provided can be digitally created, collected, stored, manipulated, and relayed to different departments within the organisations. For example, a student who will be absent from lessons can fill in a form of leave for absence in the system and the data will be delivered directly to the relevant teaching staff of different departments within the university without the need of repeatedly filling in different kinds of forms and applications. As a result, the system improves operating efficiency for the organisation through such centralised system to which different stakeholders can log on to complete different tasks or procedures, or obtain the necessary information online. The following sets forth a screenshot of the system, showing a sample of services that the system offers to its users:

We also apply AI technologies such as natural language processing ("**NLP**") in the system, which help to create machines that work and react like humans. In particular, NLP enables software to analyse, understand and derive meanings from human languages, by resembling the way in which human comprehends texts, phrases, sentences and generative grammar. With the application of technologies in NLP for text recognition, the system builds a knowledge pool and gathers data from data centre of the organisations to program an automatic response function offering assistance to users in relation to the functions of the system. The following sets forth a screenshot of the system, showing a sample of intelligent response function:



Maiyue Data Visualisation Platform (邁越數據可視化平台)

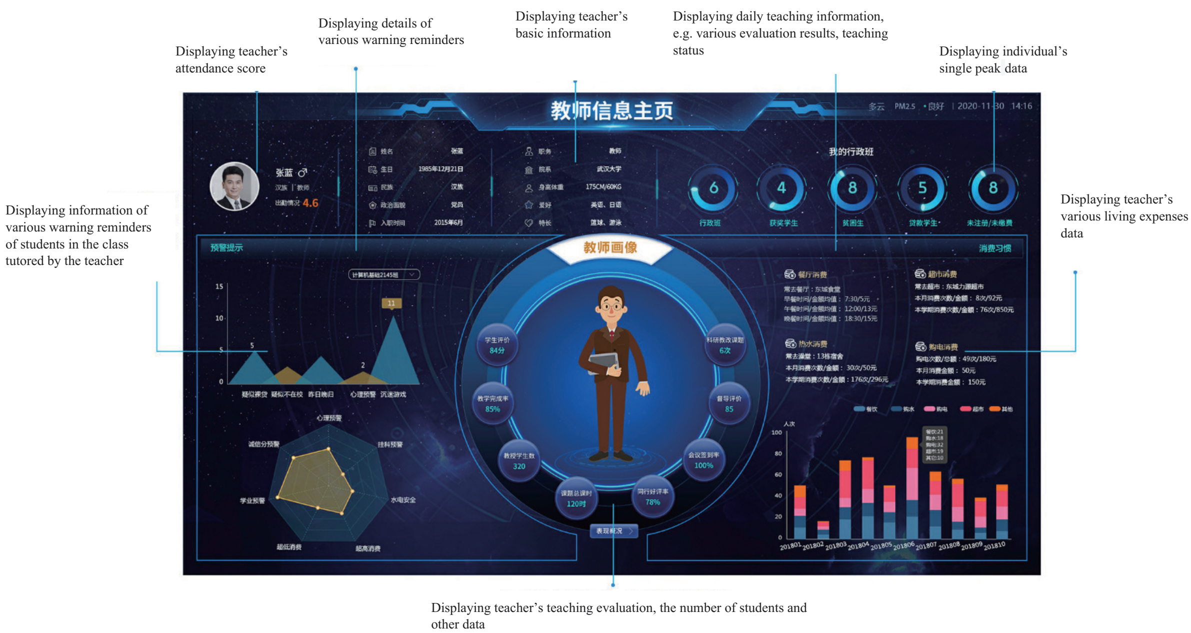
We apply data technologies, including data mining and accurate portrait production, to help our customers to increase the value of their data.

The platform first collects and stores graphic and text information from various hardware, software and application systems in the education institutions and government departments through big data analytics and AI machine learning technologies. The platform then visualises the data obtained from data analysis into graphics or images, and provide guidance for the decision-making process of end users. The technologies involved mainly include computer graphics, image processing, computer vision and computer-aided design.

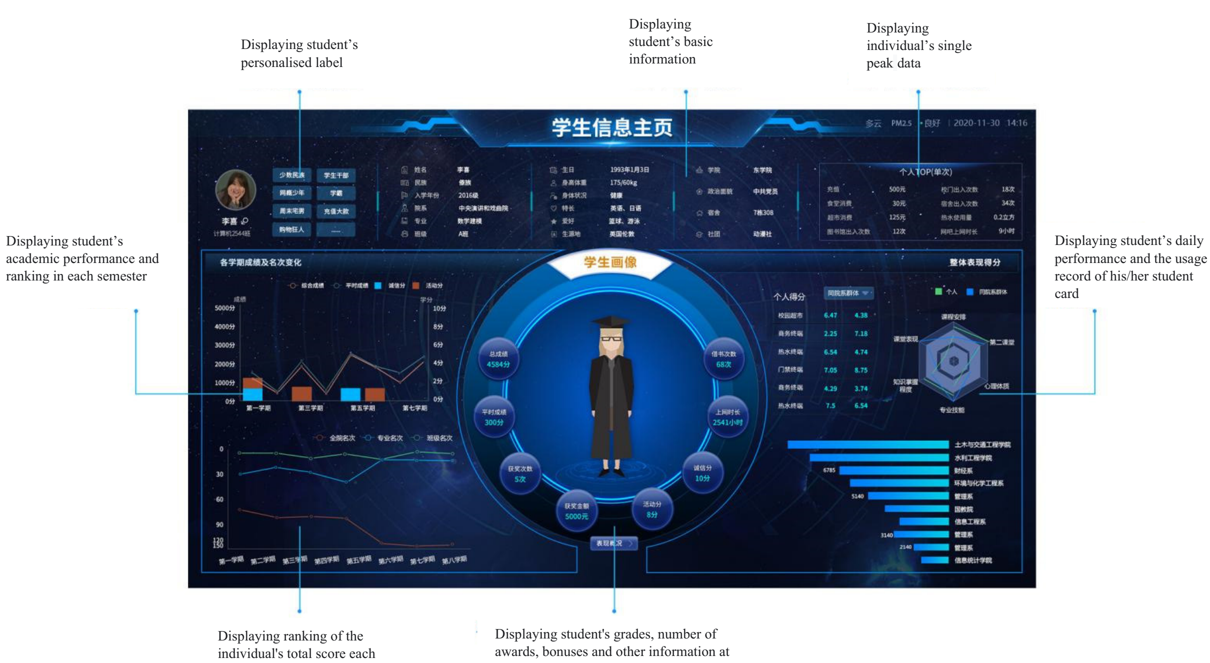
The platform generates visualised data reports or summaries in a timely manner for all users. For example, by simply adopting the drag-and-drop method, the platform can create analysis table and dashboards for the student recruitment team of the education institutions and analyse the names, majors, number of students and enrolment statistics during the recruitment periods. The platform facilitates the decision-making process of different end users by offering analysis of various data in a visualised way.

The following sets out screenshots of the system, showing the information provided to teaching staff and students, respectively:

Teachers



Students



Our landmark projects

- *Education sector — Big Data Platform (大數據平台) in Beibu Gulf University (北部灣大學), Qinzhou City, Guangxi in 2018*

Beibu Gulf University is a tertiary institution that focuses on the fields of engineering, science and management. With the aim to improve its informatisation, the university engaged us to build a big data platform. We customised our integrated IT solutions services for the university, utilising our self-developed big data platform software, leveraging advanced technologies such as big data analytics.

Set out below are some of the application systems applied in our solution:

Big data platform	Leveraging big data analytic technology, the system provides data analysis from multiple aspects for the university, incorporates various factors such as student and faculty profiles, enrolment and employment, talent training and financial overview. The real-time analysis could be conducted and presented in visual demonstrations through the platform.
Big data thematic analysis and intelligent data portrait	The system generates portraits and profiles for the university's teachers and students through big data analysis on the teachers and students' in-school activities, including daily data from various departments and facilities, such as class attendances, library records, campus entries and exits. The portraits generated could be used for the management of the university to assess teaching quality and students' development.
Intelligent warning centre	The system notifies the university's management of warnings in case of any irregularities or abnormalities within the campus through various big data analytic algorithms. For example, the system sends notifications when academic performances of students are deteriorating or when students are absent from lectures or classes in a frequent manner.

- *Government sector — Digitalisation and informatisation of Qingxiu District Government Service Centre (青秀政務服務中心), Nanning City, Guangxi in 2019*

Qingxiu District Government Service Centre is mainly responsible for approving and issuing various documentations, certificates and licences in Qingxiu District, Nanning City. With the view to digitalise and informatise the government service centre, the centre engaged us to offer overall customised IT solutions covering the whole centre, taking into account various factors including the characteristics and usage of the users and visitors in the centre, the existing IT infrastructure.

Set out below are some of the application systems applied in our solution:

Automatic security system	The system notifies the security department and relevant personnel of the centre of warnings in case of unauthorised entries, potential thefts and other emergencies through real-time monitoring and analysis. In addition, the system could recognise the involved persons through surveillance videos and shows the relevant information, including records of their visits and the identity card they registered with the centre, leveraging technology such as AI.
Integrated guidance system	The system provides an one-stop guidance to the visitors of the centre who are looking for services and advice by the centre, incorporating multiple functions such as information display module, multimedia user directions, self-service platform and users feedback through the terminals in the centre or WeChat portal.
Hyper-converged data centre system	The service includes a hyper-converged data centre system, which can address real-time query, multi-dimensional request and massive information query. The system processes and analyses big data arising from the operation of the centre.

- *Education sector — Public class learning centre (公共課學習中心) in Guangxi University in 2020*

Guangxi University is one of the largest universities in Guangxi. With the aim to improve its informatisation, the university engaged us to build a public class learning centre. It is a teaching centre for public course teaching, independent learning and paperless examination. It contains 20 classrooms and 5 meeting rooms, which can satisfy computer course teaching for more than 1,000 students at a moment.

Set out below are some of the application systems applied in our solution:

Virtualised cloud desktop classroom	Leveraging cloud desktop technology, the system realises multi-media teaching, computer teaching, collaborative teaching, self-study tutoring, etc. It also allows sharing of network equipment and improves the efficiency of the use of each classroom.
Teaching data analysis and management platform	Leveraging big data analytic technology, the system automatically collects and summarises the big data of students' learning situation, thereby allowing teachers to specify the teaching content according to situations of different students. The system also records date of reservation and usage of classroom and equipment, through which the system can assist to improve the efficiency of teaching and learning in public courses.
Cloud management platform	The system provides basic teaching management services for the centre. It integrates other systems into the platform interface and unifies the operation interface and data access. It supports viewing the number of dots connected to the platform, as well as the corresponding online and offline status, which realises overall management and improves the management efficiency of managers.
Intelligent security monitoring system	It is a security management system using a digital high-definition monitoring system to monitor the language centre. It builds a centralised monitoring system for the centre and provides early warning and tracing of illegal intruders, smoke and fire using AI video image recognition technology.
Digitalised teaching	The system supports recording and live broadcasting to facilitate interaction between teachers and students. It allows discussion among different groups and teachers can join in any group for supervision and guidance. The system also collects and analyses data on the learning process.
Self-learning and appointment management system	Through a WeChat public account, students can check the occupancy of each classroom and meeting room, and can make reservation for a place, which shall improve the utilisation of the classrooms and meeting rooms.

- *Education sector — Informatisation of Guangxi Modern Polytechnic College (廣西現代職業技術學院), Hechi city, Guangxi in 2021*

Guangxi Modern Polytechnic College is a higher vocational education institution which has seven colleges and 41 specialties. We provided integrated IT solutions which include information infrastructure, business management system, school-based data centre, digitalised campus system platform, big data decision-making centre, and a one-stop online platform for teachers and students. Guangxi Modern Polytechnic College has received various recognitions in relation to its informatisation. It was selected as one of the pilot units for digitalised campus construction of vocational education institutions.

Set out below are some of the highlight of our solution:

Information-based teaching	The ability of information-based teaching is comprehensively improved. It realises teaching concepts of vocational education and promotes teachers to fully grasp the use of the big data classroom comprehensive management system and the use of digital campus platform to complete teaching work before class, during class, and after class and at the same time complete the routine teaching tasks to achieve precise data management of the entire teaching process for each teacher and student.
School-based data centre	All school business system data are collected regularly or in a real time basis to a unified data centre. They are integrated into different databases for different services and applications, which provide data support for different analysis and decision-making.
Big data decision-making centre	Based on the school-based data centre, a decision-making centre was built in five aspects, including schools, specialties, courses, teachers, and students. The centre provides teachers with data in all five aspects and dashboards including information on various indicators corresponding to various aspects and comparison of indicators with the previous year, which shall allow teachers to make better decision making for development.
One-stop online platform for teachers and students	It unifies the login and portal management of various systems such as education affairs, student affairs, asset management, payment, etc. and various service applications such as business processing and early warning applications. It allows teachers and students to have a better experience of services and improves the efficiencies of them.

- *Education sector — Virtual reality innovation laboratory (虛擬現實創新實驗中心) in Guangxi University in 2022*

The virtual reality innovation laboratory provides virtual reality teaching for the university. It provides students with a shared environment for scientific research and innovation. At the same time, it also serves teaching courses and meets teachers' needs for virtual reality environment for academic teaching and scientific research.

Set out below are some of the application systems applied in our solution:

Virtual simulation experiment teaching management platform	It provides virtual experimental teaching auxiliary functions, including experimental teaching arrangement, intelligent guidance of the experimental process, automatic correction of experimental results, online question answering, experimental teaching effect evaluation and other functions. It provides a virtual experimental teaching environment for various schools and carries out corresponding applications to realise resource sharing to provide strong support for rapid response to course resources.
Virtual reality large-screen teaching system	It adopts virtual reality three-dimensional screen module and position tracking system and virtual reality resource management software to realise resource interaction by positioning and capturing the interaction between the teachers and screens and provide innovative experience to students.
Multi-person collaborative adaptation system	Through the system, it is possible for multiple people to enter the same scene at the same time, so that multiple people can conduct virtual experiments at the same scene, complete the project together, and achieve multi-person collaborative training.
Virtual reality content creation system	Through this system, students can constantly inspect, optimise and adjust the creative works during the creation process and continuously improve the ability of innovation. Works that meet the requirements can also be uploaded to the teaching resource library as well as the resource management platform for display and sharing, which can be used as an external display.
Virtual and real mixed video shooting system	Through real-time green screen, wireless image transmission system, face and hand capture system and other auxiliary equipment, video is shot and the picture is integrated with the virtual scene in real time to realise mixed video shooting teaching.

Sale of hardware and/or software

Other than the sourcing of hardware and/or software during the provision of integrated IT solutions services, upon requests of our customers, we occasionally source and procure hardware and/or software for our customers from our suppliers or sell our self-developed software to our customers on a standalone basis. Leveraging our experience in the provision of integrated IT solutions services and our understanding in the features of different hardware and software, we may advise our customers on the selection of hardware and software, based on their existing IT infrastructure and system specifications and requirements. We may also provide ancillary installation services of hardware and/or software sold upon requests. Our sales of hardware and/or software were typically completed within 60 days upon signing of contracts or receipt of purchase orders. The typical IT hardware and software products we sold during the Track Record Period included (i) computers and accessories, servers and network switches and (ii) software for training, data collection and analytics, data storage and network access management. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our sales of hardware and/or software accounted for 5.9%, 13.3%, 16.8% and 33.8% of our total revenue, respectively.

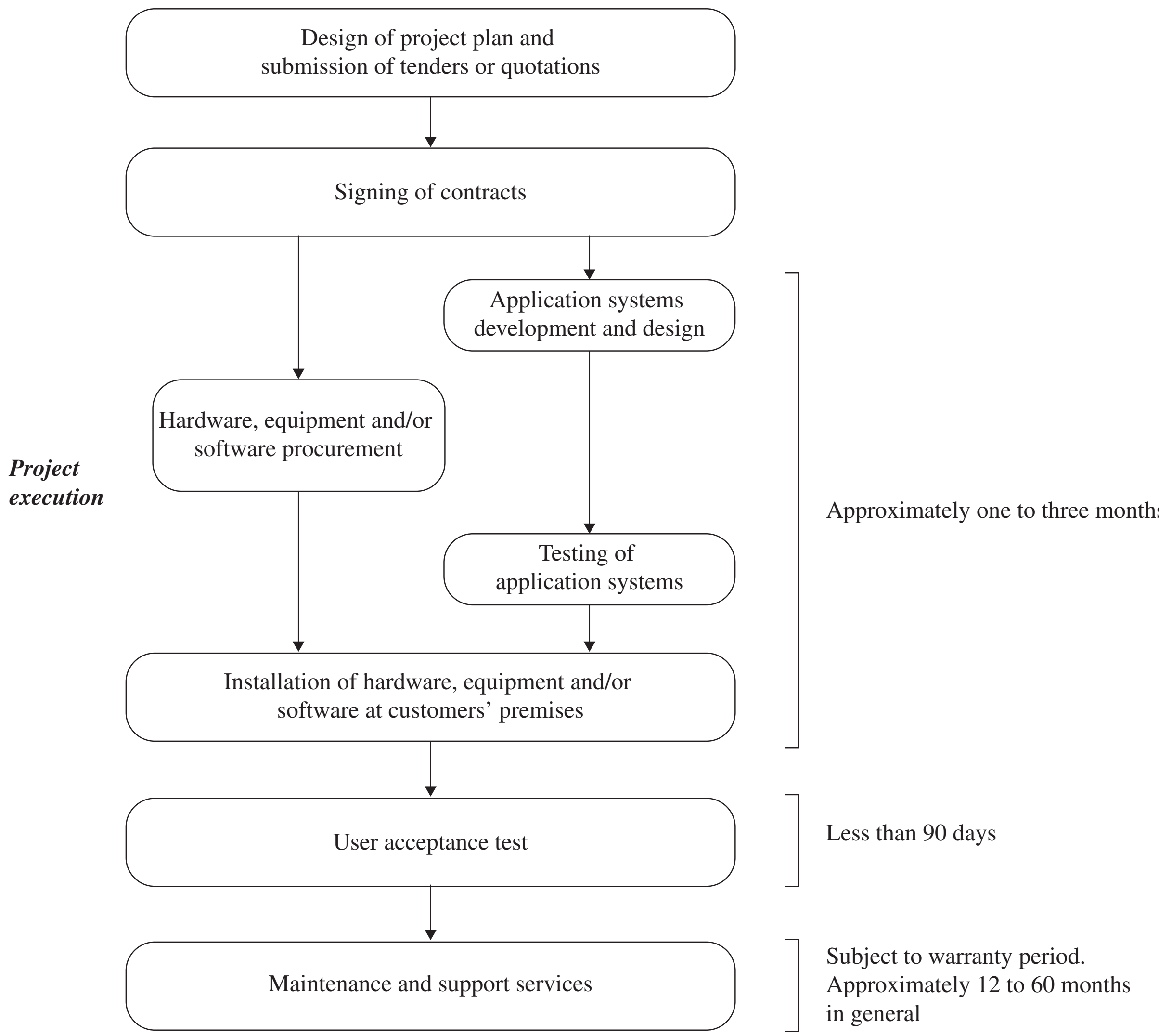
Standalone IT services

Our customers may engage us for standalone IT services after the end of the engagement of our integrated IT solutions services and the warranty periods thereof or separately to optimise system performance and identify and resolve errors and defects. Our standalone IT services generally involve the provision of maintenance and/or support services on our customers' IT systems based on customers' needs, including entering into warranty contracts and provision of other information technology services such as system upgrade, technical service and maintenance service, software installation, data migration and technology consulting service. Depending on the nature of the services, the typical duration of warranty projects is one year, while other information technology services generally last for 10 days to two months.

We generally provide standalone IT services at a lump sum fixed price, taking into account the cost associated with our services. Depending on the nature of the services, revenue from warranty contracts is recognised over the term of the warranty (i.e. over time), while revenue from other information technology services is recognised when the relevant service is accepted by the customers (i.e. at a point in time). For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our provision of standalone IT services accounted for 2.6%, 2.8%, 1.6% and 8.6% of our total revenue, respectively.

OUR OPERATION

The following diagram illustrates the typical work flow and duration in relation to the provision of integrated IT solutions services on project basis:



Identification of business opportunities

During the Track Record Period, we secured our projects through tendering, quotations or direct engagement. We generally identify tender opportunities from websites of our potential customers or their agents.

Project review

Once we identify a potential project, we will perform technical and financial assessment and preliminarily analyse on the specifications and requirements of the projects and commence preliminary work such as considering the relevant hardware and/or software to be procured, suppliers to be lined up with, the estimated time required and the availability of our workforce. When considering whether to bid for a potential tender, we will make preliminary assessment with reference to factors including (i) profitability, taking into account including the size of project and associated costs; (ii) the feasibility of undertaking such project with reference to the specifications, our capacity and expertise, our available labour and financial resources; (iii) expected time frame of the project; (iv) location to undertake the project; and (v) expected competition from other market players (if any). If we consider that a project is commercially viable, we will prepare a project plan and tender proposal.

Design of project plan and submission of tenders or quotations

If we consider that a project is commercially viable, we will proceed to prepare a project plan. The project plan will include details relating to the design and implementation of the integrated IT solutions, such as (i) the scope of works; (ii) the implementation methods and procedures; (iii) the expected outcome; (iv) manpower planning; (v) allocation of work duties; and (vi) quality standards and control. We will present the project plan and submit the tender proposal or quotation to our customers or their agents. See "— Sales and Marketing — Tendering" for further details.

Signing of contracts

If our tender proposals are accepted, our potential customers or their agents will generally issue a letter of award. To formalise the award of contract, we will enter into formal contract with the customers.

Hardware and/or software procurement

If hardware and/or software procurement is needed, we will select suitable suppliers and hardware and/or software according to our customers' specifications. To maintain flexibility in supplier selection, we have not signed any long-term supply agreement for supply of hardware, equipment or software with any suppliers. Upon entering into contract with our customers, we generally place corresponding purchase orders or enter procurement contracts with our suppliers. We conduct quality inspection and test on the hardware, equipment and software provided by our suppliers and would require our suppliers to rectify any defects or arrange product returns. See "— Our Suppliers" for further details of our suppliers.

Application systems product development and design

During the stage of software product development and design, our technical team will consider whether our existing software products can satisfy the needs of our customers. We may need to modify our existing software products by adding new features or updating the interface to satisfy the distinct needs of our customers. If necessary, we will need to develop new application systems product in accordance with our customers' needs and specifications as stated in the contracts.

Testing of application systems

Our newly developed or updated application systems are subject to several quality tests performed by our technical team, before delivery to our customers. If our application systems fail to pass our quality assurance tests, modification and improvement procedures such as bug fixing will be implemented by our technical team until the systems pass the tests.

Installation of hardware, equipment and/or software at customers' premises

Based on the analysis conducted, our project management team finalises the project plan for our customers' approval, containing details of the key tasks and milestones for the project, including the allocated resources for each milestone of the project.

We generally provide our customers with the project plan before delivery of our products to enable our customers to plan and prepare in advance. Upon delivery of the products procured, our project management team will then undergo configuration, customisation and integration of the new and existing hardware and/or software in accordance with the project plan.

Occasionally, we may engage suppliers to provide certain IT and supporting services, such as fitting out services. See "— Our Suppliers" for further details of the arrangement with our suppliers.

User acceptance test

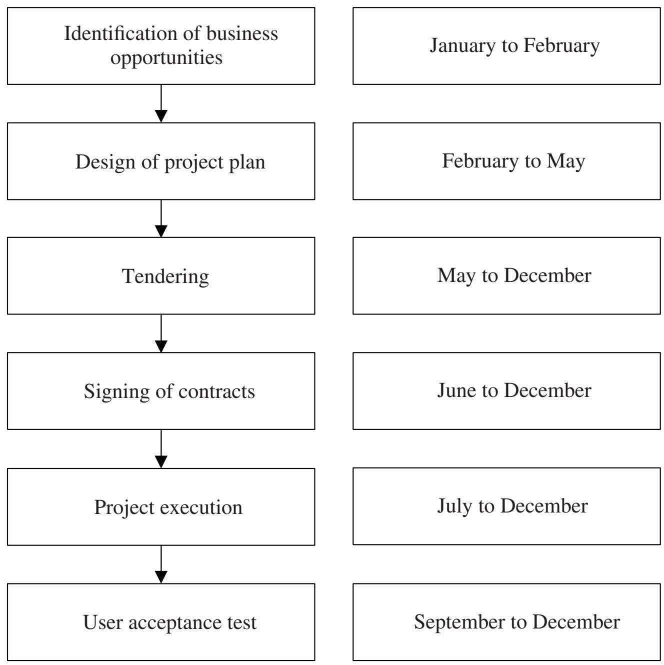
Our technical team will conduct user acceptance tests together with our customers upon completion of the installation of the hardware, equipment and/or software according to their specifications to ensure that their requirements are met and our services are properly delivered to our customers' satisfaction. During user acceptance testing, our customers will test our solutions to determine whether it can handle the required tasks according to the specifications under the contract. If any defect or problem is identified during the tests, we will provide support and fix the defect. The user acceptance tests may need to be performed for multiple times until the solutions pass the tests. The user acceptance tests ensure that the solutions work for our customers to their satisfaction. Some of our customers will issue a user's acceptance report or other form of project completion document after our passing of the user acceptance test.

Maintenance and support services

In order to provide customer-oriented integrated IT solutions services, not only have we delivered one-stop customised services of high quality, we have also provided a wide range of customer services, such as technical support and maintenance services, to our customers within the warranty period ranged from 12 months to 60 months. In particular, we provide remote and on-site technical support and hardware and software repairs and maintenance services in case of any hardware and software defect. If our customers encounter any problem with our solutions delivered, they can contact us at our hotline or by other electronic means, and our technical team will answer their problems. We may also investigate the problems through remote access to our customers' IT systems. If such problem cannot be resolved remotely, we may provide on-site support. The hardware and software that we installed for our customers generally comes with original product warranties offered by our suppliers or the hardware manufacturers or the software developers. If we identify that a fault is attributable to our supplier's products, we will notify our supplier for repair or replacement of the defective hardware or software. We also offer system upgrade or adjustment services from time to time during the warranty period. After the expiry of the warranty period, our customers may continue to engage us for standalone IT services to optimise system performance and identify and resolve errors and defects. See "— Our Services — Standalone IT Services" for further details. We believe that our customers can rely on us to fulfil their needs for a full spectrum of value-added integrated IT solutions services, ranging from the design of integrated IT solutions accommodating the specific requirements of our customers to the subsequent supporting services, so that they would be able to achieve greater efficiency in the allocation of their IT-related budgets and resources, which will in turn help to increase customer loyalty and stickiness.

Seasonality

We experience seasonal fluctuations in our operation. During the Track Record Period, our customers were mainly education institutions, and many of which were primarily financed by government funds. These customers usually adopt a pre-approval management system and centralised procurement system, with annual budget and procurement plan formulated and design of tendering scheme carried out at the beginning of each year, followed by tendering process starting from the second quarter of the year. For integrated IT solutions services provided to education institutions, as our project executions generally involving installation of hardware and data transfer in various campuses may disrupt the normal operation of the education institutions, project execution generally starts around the summer breaks of education institutions in the third quarter of the year to minimise such disruption and our projects are normally completed within approximately one to three month(s). After the project execution are completed, user acceptance tests are carried out and normally completed in the fourth quarter of the year. The following chart sets out the general timeline of our key processes:



Since a majority of our revenue derived from integrated IT solutions services is recognised upon the user acceptance tests are passed and a majority of our revenue was derived from integrated IT solutions services during the Track Record Period, a majority of our revenue is recognised during the fourth quarter of the year. For the years ended 31 December 2020, 2021 and 2022, 57.0%, 58.0% and 56.3% of our total revenue was recognised during the fourth quarter of the year, respectively. According to the F&S Report, such seasonal fluctuations are in line with the market practice in the education IT solutions markets and it is not uncommon for market players in the PRC of similar business nature to recognise more of their revenue in the fourth quarter of the year.

As a result of such seasonality effect, given that a substantial number of projects would normally be completed in the fourth quarter of the preceding year, while the projects for the upcoming year would normally be awarded in the second half of the year, the outstanding contract value of our integrated IT solutions services projects as at 30 April is relatively smaller as compared with the total revenue to be recognised throughout the year.

Our cash flow was also affected by such seasonality effect during the Track Record Period. We generally receive payment from customers after user acceptance tests of the projects and incur cash payment upfront throughout project execution, such as for the procurement of hardware, equipment and software, service costs for IT and supporting services and staff costs. As project execution starts from the third quarter of the year and the user acceptance tests are carried out in the fourth quarter of the corresponding year, we normally record net cash outflow from operating activities during the first three quarters of the year. For the four months ended 30 April 2022 and 2023, we had net cash outflow from operating activities of RMB24.4 million and RMB31.6 million, respectively.

Our Directors are also of the view that the substantially larger trade receivables turnover days for the four months ended 30 April 2023 was largely affected by seasonality effect, as the amount of revenue recognised for the first four months is insignificant as compared with the full year.

Accordingly, various aspects of our results of operations, including revenue, trade receivables, working capital and operating cashflow, are exposed to the seasonal fluctuations in demand for our services. See “Risk factors — Our business operations may be affected by seasonality” in this prospectus for details of the risks associated with the seasonality effect.

RESEARCH AND DEVELOPMENT

In view of the rapid technological development, we strive to provide high quality integrated IT solutions services with our research and development capabilities. We place focus on our research and development as a means of enhancing the variety and functions of our product offerings to complement our integrated IT solutions, which in turn will enhance our competitiveness. We also focus on the sustainability and reliability of our products by utilising various research results throughout our research and development process.

Research staff and facilities

We have a research and development team comprising over 80 members as at 30 April 2023. Our research and development team was led by Mr. Zhang, our executive Director and director of technology, who has more than ten years of experience in the IT industry. Our team comprised various positions with a wide range of functions, such as senior engineers, algorithm engineers, product managers, front-end development engineers, testing engineers, implementation engineers and operation and maintenance engineers, who generally possess relevant academic, professional qualifications and/or working experience. As at 30 April 2023, over 90% of our research and development personnel held diploma, bachelor and/or master degree.

We have two research and development centres located in Nanning and Chengdu, respectively. We selected Chengdu as another location of our research and development centre as our Directors consider that it is a rising technology hub in the PRC with a number of IT talents, which is also supported by the F&S Report. The following table sets out details of our research and development centres:

Location	**Nanning, Guangxi**	**Chengdu, Sichuan province**
Date of establishment	July 2015	June 2018
Number of research and development team members as at 30 April 2023	42	45
Main focus	Designing the interfaces and production of application systems, incorporating the technologies developed by Chengdu centre, in order to accommodate the business needs of customers	Researching the application of advanced technologies (e.g. big data, AI, etc.), such as developing the relevant algorithm

Going forward, we intend to strengthen our research and development capabilities by expanding our existing research and development team and setting up an additional research and development centre in Shenzhen. In particular, we believe that setting up a research and development centre in Shenzhen can provide us with the cutting-edge research and development capabilities and, at the same time, further enhance our corporate image and market reputation as having an additional research and development centre in one of the top cities in the IT industry in the PRC would demonstrate to our customers our devotion and effort in strengthening our research and development capability. In this connection, while we plan to remain the focus of our existing research and development centres in Nanning and Chengdu for development of application systems and development of products with the application of big data analytic and AI technologies, we intend to designate the new research and development centre in Shenzhen to focus on the development of cloud computing related products. In particular, we will explore the possibility of developing our cloud platform to provide different kinds of cloud services to our customers and/or its end users, such as cloud services management platform, documents sharing, cloud storage, and data migration. We believe that we can also leverage the proximity with many top market players in the industry in Shenzhen, including hardware and/or software suppliers, and have closer interaction and communication with them which shall in turn facilitate our development of cloud computing related products. See "— Our Business Strategies — Strengthen our research and development capabilities" above for further details.

Our investment in research and development

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our research and development expenditure amounted to RMB11.8 million, RMB14.0 million, RMB14.5 million and RMB4.6 million, respectively, which were mainly composed of the purchase of software, staff costs, project development expenses and depreciation. See "Financial Information — Description of Selected Items in Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and development expenses" and Note 12 in the Accountants' Report in Appendix I to this prospectus for further details.

Our research results

Our continuous research and development efforts have led to the following results:

(i) the recognition of our subsidiaries, Nanning Maiyue and Guangxi Silunjie as a "High and New Technology Enterprise (高新技術企業)" by the relevant PRC government authorities in November 2016 (renewed in October 2022) and November 2019, respectively;

(ii) a number of awards and recognitions received at both regional and national levels, including:

National level

— our "Maiyue Big Data Digitalised Campus Platform (邁越大數據智慧校園平台)" was selected into the list of 2022 pilot demonstration projects for the development of the big data industry (2022年大數據產業發展試點示範項目名單) in August 2022 by the MIIT and ranked first among 59 national enterprises selected under the category of "Service Industry Big Data Applications (服務業大數據應用)". According to the F&S Report, the pilot demonstration projects are measured with various criteria and are selected from enterprises national wide. This national award provides a list of pilot demonstration projects for other enterprises to learn from in the big data industry. Only five enterprises from Guangxi were selected into this list and the Group was the only enterprise that focuses on the education IT solutions market;

— Nanning Maiyue was awarded the "National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)" by the China National Intellectual Property Administration in September 2022. According to the F&S Report, "National Intellectual Property Advantage Enterprise" is one of the highest honours in the field of intellectual property management in the PRC and it is designated to honour those enterprises that have great capability of operation and have great influence on specific regions and industries. In the year of 2022, 100 enterprises from Guangxi received this award, among which only 10 of them were principally engaged in providing IT solutions services;

Regional level

— Nanning Maiyue was awarded the certification of "Guangxi Zhuang Autonomous Region Industry-Education Integration Pilot Enterprise (廣西壯族自治區產教融合型試點企業)" in December 2021, and will enjoy the benefit of incentive policies such as financing and reduction in tax;

— Nanning Maiyue was recognised as a "High-quality, Developed, and Technologically Advanced" small and medium-sized enterprise ("專精特新"中小企業) in November 2021;

— Nanning Maiyue was recognised as Guangxi Zhuang Autonomous Region Enterprise Technology Centre (廣西壯族自治區企業技術中心) in November 2018 and Nanning Recognised Enterprise Technology Centre (南寧市認定企業技術中心) in November 2017; and

— Nanning Maiyue was awarded the "Nanning Service Industry Leading Enterprise (南寧市服務業龍頭企業)" in July 2022. According to the F&S Report, this award is recognised by the Guangxi government and is designated to promote leading enterprises in terms of the scale of revenue and scale. The Group was one out of the seven enterprises involved in IT solutions services that received such award;

(iii) a number of subsidies received in recognition of our research and development capability, including:

— "Maiyue Office Automation Platform (邁越辦事大廳平台)" was awarded a subsidy of RMB0.5 million under the 2022 subsidy scheme of Kunpeng Ecological Innovation Center (鯤鵬生態創新中心) in August 2022;

— "Digitalised Campus Integrated Application Platform (智慧校園一體化應用平台)" was awarded a subsidy of RMB0.5 million under the 2022 subsidy scheme for information technology and related projects jointly organised by the Guangxi Zhuang Autonomous Region Department of Industry and Information Technology (廣西壯族自治區工業和信息化廳) and the Guangxi Zhuang Autonomous Region Finance Department (廣西壯族自治區財政廳) in April 2022;

— "Maiyue Data Centre Platform System (邁越數據中台系統)" was awarded a subsidy of RMB1.5 million under the 2021 subsidy scheme of Kunpeng Ecological Innovation Center (鯤鵬生態創新中心) in August 2021;

— "Chuangpeng Cloud Desktop Virtualisation System Research and Development Application (創鵬雲桌面虛擬化系統研發及國產化適配應用)" was awarded a subsidy of RMB0.5 million under the "Yongjiang Plan Project (邕江計劃項目)" in August 2022;

— Nanning Maiyue was awarded a subsidy of RMB1.0 million under the "Nanning Scientific Research and Technological Development Plan Major Project (南寧市科學研究與技術開發計劃重大項目)" in July 2021;

— Nanning Maiyue was awarded a subsidy of RMB1.5 million under the "2019 Autonomous Region Investment Scheme for Development of Service Industry Enterprises (2019年自治區服務業發展專項資金投資計劃)" in May 2019; and

(iv) a number of patented technological know-hows. As at the Latest Practicable Date, we have obtained 84 software copyrights and 14 patents which include (i) 13 utility models patents (實用新型專利); and (ii) one invention patent (發明專利). See "— Intellectual Property" below and "Statutory and General Information — B. Further Information about our Business — 2. Intellectual property rights" in Appendix IV to this prospectus for further details.

As a result of our continuous business development and our research and development capabilities, we have developed a comprehensive portfolio of product offerings including numbers of our self-developed products involving the application advanced technologies including big data analytics, IoT, cloud computing and AI. According to the F&S Report, we are one of the few local education IT solution services providers that have self-developed product offerings in Guangxi. See "— Our Service — Integrated IT solutions services — Our self-developed product offerings" above for further details.

Collaboration with tertiary and technical research institutions

From time to time, we also collaborate with tertiary institutions to keep ourselves abreast of the latest technologies and developments within the IT solutions market. For example, we have entered into collaboration agreements with Guangxi University (廣西大學) and Nanning Normal University (南寧師範大學). Our collaboration agreement with Nanning Normal University is on five-year basis, which will expire in July 2024, while our collaboration agreement with Guangxi University is on a long-term basis, and does not stipulate a specific duration. Pursuant to the collaboration agreements, the tertiary institutions may provide technical guidance, as well as give priority to recommend talents to us, while we may provide support to the collaborative research projects. The tertiary institutions shall not disclose to any third party the business information, technical information or operating information obtained during the collaboration. Capitalising on the synergy created through such collaboration, our research and development team is able to leverage their technical know-how, which in turn enhances our ability to develop and integrate advanced technology into our services so that we can better cater to the specific needs of our customers.

SALES AND MARKETING

As at 30 April 2023, our sales and marketing team comprised more than 20 members based in the PRC. They are responsible for customer relations to ensure our customers satisfied with our services and maintain effective communication channels for our existing customers to provide feedback to us. As the team works closely with our customers, our sales and marketing team will communicate with the customers to foster customer relationships, understand their needs and developments, and exchange market information. In order to explore new business opportunities, we participate in tendering of new projects and actively approach potential customers, such as participation in industry conferences. We also promote our brand by seizing opportunities to form partnerships with renowned enterprises in Guangxi. See "— Strategic Partnerships" below for further details.

Tendering

During the Track Record Period, we secured our projects through tendering, quotations or direct engagement. We generally face direct competition from local players in Guangxi rather than other market players on a national level in respect of tendering for local projects.

For projects of which our customers are government authorities or public schools, the tendering requirement mainly consists of the compliance with Article 22 of the Government Procurement Law of the PRC (《中華人民共和國政府採購法》), which include (i) ability to bear civil liability independently; (ii) good business credit and sound financial and accounting systems; (iii) possession of equipment and professional skills necessary for the performance of contracts; (iv) good records of paying taxes and social security funds in accordance with the law; (v) no significant breach records in operating activities within three years prior to participating in the tendering activities; and (vi) other conditions stipulated in the relevant laws and regulations. See "Regulatory Overview — IX. Other Laws and Regulations — (VI) Regulations on government procurement" for further details of Government Procurement Law of the PRC.

The following table sets out a breakdown of our revenue by projects obtaining through (i) tendering; or (ii) quotations/direct engagement for the years/period indicated:

	Years ended 31 December						Four months ended 30 April	
	2020		2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Tendering	125,241	60.5	143,973	71.4	178,035	73.2	5,683	65.8
Quotations/direct engagement	81,833	39.5	57,769	28.6	65,220	26.8	2,958	34.2
	207,074	100.0	201,742	100.0	243,255	100.0	8,641	100.0

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our revenue generated from services obtained through tendering accounted for 60.5%, 71.4%, 73.2% and 65.8% of our total revenue, respectively; and our revenue generated from services obtained through quotations or direct engagement accounted for 39.5%, 28.6%, 26.8% and 34.2% of our total revenue, respectively for the corresponding years/period. The relatively high portion of revenue contribution from quotations or direct engagement for the year ended 31 December 2020 was primarily due to the revenue contribution of RMB34.1 million by two major integrated IT solutions services projects secured through direct engagement from Shuguang Maiyue, which was an associate company of our Group at the material time during the Track Record Period. See "— Strategic partnerships — Shuguang Maiyue" for further details.

The following table sets out our tender success rates for the years/period indicated:

	Years ended 31 December			Four months ended 30 April
	2020	2021	2022	2023
Number of tender submitted	101	77	67	8
Number of projects awarded	78	60	53	6
Tender success rate(Note)	77.2%	77.9%	79.1%	75.0%

Note: Tender success rate is computed based on the number of contracts awarded (regardless of the date of award) out of the number of tenders submitted during the respective financial years.

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, we submitted 101, 77, 67 and 8 tenders, and were awarded 78, 60, 53 and 6 projects, respectively. Our Directors consider that the decrease in the number of tender submitted for the years ended 31 December 2020, 2021 and 2022 was because we were more selective on projects for which we submitted tender, as we focused on projects of larger scale and those for which we believed to have a higher chance of winning the tender. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our overall tender success rate was 77.2%, 77.9%, 79.1% and 75.0% respectively. We also experienced an increase in revenue during the Track Record Period. Based on the above, our Directors consider that our overall tendering performance was satisfactory in general during the Track Record Period.

Pricing policy

We generally determine the prices of our services and products on a cost-plus basis with reference to the following factors: (i) types of services provided; (ii) complexity of the project; (iii) prevailing market rates of similar services or products offered by our competitors; (iv) payment terms; (v) cost; and (vi) track record and relationship with our customers.

In particular, we continuously keep ourselves abreast of changes in the prevailing market rates of similar services or products and adjust our pricing policy in a timely manner. At the beginning stage of our new services or products, we may offer a more competitive price than the prevailing market rates of similar services or products offered by our competitors in order to increase the penetration rate of our new services or products in the market. We shall keep refining and upgrading the products after receiving feedbacks from our customers and we may then adjust the price of the services or products to increase our profitability.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, there was no loss-making project as a result of material inaccurate estimation or cost overruns.

OUR CUSTOMERS

During the Track Record Period, we were engaged by either end users, such as education institutions and government authorities, or other IT services providers, depending on the available business opportunities at the material time. The IT services providers may (i) assign us all or part of their project works to the end users by engaging us for the provision of integrated IT solutions services; or (ii) purchase hardware and software, and standalone IT services from us. To the best knowledge of our Directors after reasonable enquiries, we were engaged by other IT services providers to procure hardware and software because (i) we have the relevant experience in and understanding of the features of different hardware and software and therefore may advise them on the selection of hardware and software; (ii) we may provide ancillary installation services of hardware and/or software; and (iii) we may provide competitive pricing based on our business relationship with the relevant suppliers. The following table sets out a breakdown of our revenue by type of customers for the years/period indicated:

	Years ended 31 December						**Four months ended 30 April**	
	2020		**2021**		**2022**		**2023**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
End users	118,632	57.3	99,662	49.4	188,333	77.4	5,914	68.4
IT services providers	88,442	42.7	102,080	50.6	54,922	22.6	2,727	31.6
Total	207,074	100.0	201,742	100.0	243,255	100.0	8,641	100.0

In respect of our arrangements with IT services providers, our Directors are of the view that, which is also supported by the F&S Report that, it is not uncommon in the IT solutions market that IT services providers assign their project works, in whole or in part, to other market participants. As advised by our PRC Legal Advisers, our contracts with the IT services providers are valid, legally binding and enforceable and are in compliance with the relevant PRC laws and regulations.

During the Track Record Period, we placed strategic focus on providing services to customers in the education sector. We also leveraged our experience accumulated throughout the development and provision of integrated IT solutions services in the education sector and expanded our service coverage to the government sector. The following table sets out a breakdown of our revenue by industry sector of end users for the years/period indicated:

	Years ended 31 December						Four months ended 30 April	
	2020		2021		2022		2023	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Education	171,558	82.8	115,340	57.2	197,667	81.3	7,245	83.8
Government	23,907	11.5	63,832	31.6	8,998	3.7	201	2.4
Others *(Note)*	11,609	5.7	22,570	11.2	36,590	15.0	1,195	13.8
Total	207,074	100.0	201,742	100.0	243,255	100.0	8,641	100.0

Note: Others generally refer to IT services providers, corporate customers and individual customers who purchase hardware and software, or standalone IT services from us and do not specify the end users of the products or services.

For the year ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our five largest customers in each year/period during the Track Record Period in aggregate accounted for 53.2%, 47.3%, 53.7% and 87.4%, of our total revenue, respectively; and our largest customer in each year/period during the Track Record Period accounted for 24.4%, 23.2%, 34.4% and 51.3% of our total revenue, respectively. The following tables set out the details of our five largest customers in each year/period during the Track Record Period:

Year ended 31 December 2020

Rank	Customer	Relationship since	Type of customer	Industry sector of end users of product/service provided by us	Major type of product/ service provided by us	Revenue generated from the customer	Percentage of revenue
						RMB'000	*%*
1	Digital Guangxi Group	2019	IT services provider	Education; Government	Integrated IT solutions services, sales of hardware, and/or software	50,449	24.4
2	Customer G	2016	End users	Education	Integrated IT solutions services	21,215	10.2
3	Customer H	2009	End users	Education	Integrated IT solutions services, sales of hardware and/or software, standalone IT services	14,338	6.9
4	Customer B	2004	End users	Education	Integrated IT solutions services, sales of hardware and/or software, standalone IT services	13,557	6.5
5	Customer I	2016	IT services provider	Education	Integrated IT solutions services	10,679	5.2
						110,238	53.2

Year ended 31 December 2021

Rank	Customer	Relationship since	Type of customer	Industry sector of end users of product/service provided by us	Major type of product/ service provided by us	Revenue generated from the customer	Percentage of revenue
						RMB'000	*%*
1	Digital Guangxi Group	2019	IT services provider	Government	Integrated IT solutions services, sales of hardware, and/or software	46,820	23.2
2	Customer J	2021	End users	Education	Integrated IT solutions services	15,248	7.6
3	Customer K	2021	IT services provider	Government	Integrated IT solutions services	12,982	6.4
4	Customer L	2021	End users	Education	Integrated IT solutions services	12,972	6.4
5	Customer M	2021	IT services provider	Education	Integrated IT solutions services	7,421	3.7
						95,443	47.3

Year ended 31 December 2022

Rank	Customer	Relationship since	Type of customer	Industry sector of end users of product/service provided by us	Major type of product/service provided by us	Revenue generated from the customer	Percentage of revenue
						RMB'000	*%*
1	Customer X	2022	End users	Education	Integrated IT solutions services	83,722	34.4
2	Customer O	2016	End users	Education	Integrated IT solutions services, sales of hardware and/or software, standalone IT services	14,567	6.0
3	Customer B	2004	End users	Education	Integrated IT solutions services, sales of hardware and/or software, standalone IT services	13,520	5.6
4	Customer P	2022	IT services provider	Others *(Note)*	Sales of hardware and/or software, standalone IT services	9,917	4.0
5	Customer Y	2020	IT services provider	Education	Integrated IT solutions services	8,929	3.7
						130,655	53.7

Four months ended 30 April 2023

Rank	Customer	Relationship since	Type of customer	Industry sector of end users of product/service provided by us	Major type of product/service provided by us	Revenue generated from the customer	Percentage of revenue
						RMB'000	*%*
1	Customer S	2022	End users	Education	Integrated IT solutions services	4,432	51.3
2	Customer AA	2017	IT services provider	Education	Sales of hardware and/or software	1,458	16.9
3	Customer BB	2022	End users	Others *(Note)*	Sales of hardware and/or software	846	9.8
4	Customer CC	2023	End users	Education	Sales of hardware and/or software	438	5.1
5	Customer DD	2021	End users	Education	Integrated IT solutions services	376	4.3
						7,550	87.4

Note: Others generally refer to IT services providers, corporate customers and individual customers who purchase hardware and software, or standalone IT services from us and do not specify the end users of the products or services.

The following table sets forth the background of our major customers during the Track Record Period:

Customer B	A group of customers include (i) a state-owned university established in 1928 in Nanning City, Guangxi; and (ii) an institution under the university. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, the university has a total area of around 14 million sq.m. and has around 40,000 full-time students.

Digital Guangxi Group	A group of companies include: (i) Digital Guangxi, a PRC state-owned company established in 2018. It is a direct wholly-owned subsidiary of a PRC investment company, the entire equity interest of which is held by the Guangxi provincial government. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it (a) was given the strategic positioning by the Guangxi government to promote the construction of digital government, digital economy and digital society in Guangxi, through the development and application of big data analytics; (b) has more than 35 subsidiaries or associates; and (c) has a registered capital of RMB2,000.0 million, and recorded revenue of RMB94.4 million for the year ended 31 December 2019; and (ii) Shuguang Maiyue, our then associated company, which was held as to 51% by Digital Guangxi before becoming our non-wholly owned subsidiary on 21 April 2021.
Customer G	A state-owned higher vocational education institution established in 1978 in Hechi city, Guangxi. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a total area of around 0.6 million sq.m. and has around 13,000 students.
Customer H	A state-owned university established in 1985 in Wuzhou city, Guangxi. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a gross floor area of around 1.3 million sq.m. and has around 13,000 students.

Customer I	A PRC company established in 2013 which principally engages in software development. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a registered capital of RMB6.4 million, and it recorded revenue of RMB26.3 million and profit of RMB0.1 million for the year ended 31 December 2019.
Customer J	A state-owned education institution established in 2019 in Wuzhou City, Guangxi, which provide courses covering education from primary school to secondary school. This is a new customer we procured during the Track Record Period. We became acquainted with it through tendering for its project in 2021.
Customer K	A PRC company established in 2016 which principally engages in software development and IT services in medical fields and provision of services to government authorities. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a registered capital of RMB0.1 million. This is a new customer we procured during the Track Record Period. We became acquainted with it through tendering for its project in 2021.
Customer L	A private higher vocational education institution established in 2004 in Nanning City, Guangxi. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a total area of around 0.9 million sq.m. and has around 25,000 students. This is a new customer we procured during the Track Record Period. We became acquainted with it through participation in an industry event.

Customer M	A state-owned PRC company established in 2003 which engages in, among others. procuring integrated IT solutions services for educational institution(s) in Liucheng County, Liuzhou City, Guangxi. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a registered capital RMB776.3 million. This is a new customer we procured during the Track Record Period. We became acquainted with it through tendering for its project in 2021.
Customer O	A state-owned university established in 1958 in Laibin city, Guangxi. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a gross floor area of around 1.1 million sq.m. and has around 16,000 students.
Customer P	A PRC company established in 2019 which principally engages in providing Internet information service, technical service and information system integration service. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a registered capital of RMB10.0 million. This is a new customer we procured during the Track Record Period. We became acquainted with it through participation in an industry event.
Customer X	A governmental authority in Binyang County, Nanning, Guangxi, which is responsible for the educational matters in Binyang County. This is a new customer we procured during the Track Record Period. We became acquainted with it through tendering for its project in 2022.
Customer Y	The Guangxi branch of a PRC company established in 2003 which engages in providing basic telecom service and internet information service. This is a new customer we procured during the Track Record Period. We became acquainted with it through active engagement.

Customer S	A state-owned higher vocational education institution established in 1956 in Nanning City, Guangxi. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a total area of around 1.3 million sq.m. and has around 30,000 students. This is a new customer we procured during the Track Record Period. We became acquainted with it through tendering for its project in 2022.
Customer AA	A PRC company established in 2010 which principally engages in software development and IT services. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a registered capital of RMB10.0 million.
Customer BB	A PRC company established in 1997 which principally engages in provision of financial service. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a registered capital of RMB8.0 million. This is a new customer we procured during the Track Record Period. We became acquainted with it through tendering for its project in 2022.
Customer CC	A state-owned university established in 1956 in Sichuan Province. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a total area of around 2.3 million sq.m. and has around 38,000 students. This is a new customer we procured during the Track Record Period. We became acquainted with it through tendering for its project in 2022.

Customer DD	A state-owned higher vocational education institution established in 1956 in Sichuan Province. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, it has a total area of around 1.4 million sq.m. and has around 18,000 students. This is a new customer we procured during the Track Record Period. We became acquainted with it through tendering for its project in 2021.

During the Track Record Period, in line with our business strategies, we actively procured new customers, including several major customers, namely Customer J, Customer K, Customer L, Customer M, Customer P, Customer X, Customer Y, Customer S, Customer BB, Customer CC and Customer DD. See above for the background of these customers, including how we became acquainted with these customers.

To the best of our Directors' knowledge after making reasonable enquiries, (i) save and except that Digital Guangxi Group included our then associate company, Shuguang Maiyue (which became our non-wholly owned subsidiary on 21 April 2021) and its controlling company, Digital Guangxi, none of our Directors or their respective close associates or any person who owns more than 5% of our issued share capital or of any of our subsidiaries, had any interest in any of our five largest customers in any of the year/period during the Track Record Period; and (ii) these customers (or their respective shareholders/beneficial owners and directors/controllers) do not have any past or present relationship (including, without limitation, employment, business or trust relationship) with our Company, our subsidiaries, Shareholders, Directors, senior management or any of their respective associates.

Customer concentration

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our five largest customers in each year/period during the Track Record Period in aggregate accounted for 53.2%, 47.3%, 53.7% and 87.4%, of our total revenue, respectively; and our largest customer in each year/period during the Track Record Period accounted for 24.4%, 23.2%, 34.4% and 51.3%, of our total revenue, respectively.

Our Directors are of the view that we have no material reliance issue on our major customers during the Track Record Period as the ranking and distribution of our five largest customers in each year/period during the Track Record Period were substantially different. In addition, it is one of our business strategies to undertake sizeable projects in order to further enhance our reputation and drive our future growth. We consider that if we decide to undertake projects with large contract sum, we may dedicate sufficient resources into the projects and may not be able to divert our attention to actively compete for other additional projects with overlapping work schedule. As a result, the relevant customers may easily become our major customers in terms of revenue contribution for the corresponding year.

We also have no intention to limit ourselves to mainly serving any particular major customer, including Digital Guangxi. The revenue generated from services provided to Digital Guangxi for the years ended 31 December 2020 and 2021 amounted to RMB50.4 million and RMB46.8 million, representing 24.4% and 23.2% of our total revenue for the corresponding year, respectively. As at the Latest Practicable Date, we do not have any ongoing projects nor undergo pre-tendering or tendering of any potential projects with Digital Guangxi. Therefore, we are of the view that a majority of our revenue for the year ended 31 December 2022 could be secured from projects other than those awarded by Digital Guangxi. For the year ended 31 December 2022, the revenue generated from services provided to Customer X of RMB83.7 million, representing 34.4% of our total revenue for the year, was generated from a large scale project which required us to dedicate sufficient resources. Such project was obtained by us through tendering and, save for being our customer, Customer X is an independent third party. For the four months ended 30 April 2023, we are of the view that the percentages of our largest customer and our five largest customers for the period has no specific reference value as our revenue is highly subject to seasonality effect (with a relatively insignificant portion of our revenue recognised for the first four months of the year). Based on the above, our Directors consider that we are able to extend our services to other customers and effectively mitigate our exposure to any material adverse changes of our relationships with any particular major customer, if any, and thus we have no material reliance issue on any particular major customer, including Digital Guangxi.

Nevertheless, according to the F&S Report, it is not uncommon for education IT solution companies to have relatively higher customer concentration, one of the major reasons for which is that the market players tend to undertake sizeable projects to enhance their reputation in the industry. Based on the annual reports of certain listed companies in the education IT solutions market, revenue contribution by five largest customers could reach over 50%. Accordingly, we are of the view, which is supported by the F&S Report, that our revenue contribution by the five largest customers in each year/period during the Track Record Period is generally in line with industry level.

We are further of the view, which is supported by the F&S Report, that since customers prefer to engage IT solutions service providers with experience, capabilities to provide customised services and self-developed products and we possess the relevant experience and capabilities, our business relationships with our customers are mutual and complementary. In particular, we have developed and maintained business relationship with various education institutions in Guangxi, for example Guangxi University (廣西大學), being one of the largest education institutions in Guangxi and Wuzhou University (梧州學院), for more than ten years and each of these customers was one of our five largest customers in each year/period during the Track Record Period. Based on the above, our Directors consider that the likelihood of a material adverse change in our relationship with our major customers is low.

General terms of contracts with our customers

Our contracts are generally awarded to us by our customers on a project basis. The following sets out the major terms generally included in the agreements with our customers:

Scope of services and contract period	:	The contract sets out the scope of our services, which specifies the technical specifications and requirements of our works, and the contract period. Depending on the types of services provided, the contract period of our integrated IT solutions services agreement may last for more than one year starting from the stage of application systems development and design, and our integrated IT solutions projects generally include a stage of execution which takes one to three months. See "— Our operation" for further details of the typical work flow in relation to the provision of our integrated IT solutions services.
Contract price	:	The contract sum of our contracts is mainly a lump sum fixed price. The contract sum of our contracts generally refer to all charges payable by our customers to us for the sales of good and provision of services, including but not limited to the delivery costs, installation fees, and testing fees.

Payment :	We issue invoices to our customers after the passing of the user acceptance test. The credit terms granted to our customers were generally 30 days during the Track Record Period.
Hardware, equipment and software :	The contract lists out the quantities and specifications of all the hardware, equipment and software required and their prices.
Warranty :	We generally offer a warranty period ranging from 12 months to 60 months after the completion of projects as a warranty provision against any major quality defects in the products we have sold. Within the warranty period, we shall provide hardware and equipment repairs and maintenance and software updates and supports free of charge.(1)
Intellectual property :	In respect of our self-developed products, we retain the intellectual property rights with respect to the software and relevant technology, methodology and programme that are provided to our customers. Our customers shall only have right to use such software and shall keep all information with respect to our technology, methodology and programme confidential.
	In respect of any third-party hardware or software products, we do not own the intellectual property rights and our customers shall only have the right to use.
	In respect of the materials associated with the project which are not hardware nor software products, including project materials, documents, programme source code, executable programmes, such rights are owned by our customers.
	See "— Intellectual property" for further details of our measures to prevent infringement of intellectual properties of us or our customers.

Penalty	:	If we fail to perform our obligations before the stipulated schedule, a penalty generally equals to 3% of the contract price, but in aggregate not more than 5% of the total contract price, shall be payable by us to our customers for each day of delay.

Note:

(1) Based on the relevant accounting policies, for the hardware and equipment repairs and maintenance, as well as software updates and supports free of charge during the warranty period, we assess, on a case by case basis, whether the warranty provides a customer with additional service to the assurance that the product complies with agreed-upon specifications.

For warranty which only exists to protect customers from the risk of purchasing defective products, the services rendered would not be regarded as a performance obligation. Most of the warranties we provided during the Track Record Period fell within this scope. We make provision of assurance-type warranty at the end of each reporting period with reference to the historical warranty cost to revenue ratio. The associated costs of assurance-type warranty incurred for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023 amounted to RMB886,000, RMB1,403,000, RMB1,091,000 and RMB660,000, respectively.

For warranty which provides a customer with additional service to the assurance that the product complies with agreed-upon specifications, the services would be regarded as a performance obligation. Accordingly, we allocate certain transaction price to the products and the services. The related revenue from these service-type warranty for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023 amounted to nil, RMB245,000, RMB386,000 and RMB129,000, respectively. The amount of associated costs of service-type warranty incurred during the Track Record Period was considered to be insignificant.

Tripartite agreements

Digital Guangxi Tripartite Agreements

During the Track Record Period, five Digital Guangxi Tripartite Agreements were entered into among (i) our Group; (ii) Digital Guangxi; and (iii) our respective suppliers, under which similar arrangements were adopted. The following table sets out the details of the Digital Guangxi Tripartite Agreements:

Date	Agreement	Parties	Contract value (including VAT)	Revenue recognised during the Track Record Period
			(RMB'000)	*(RMB'000)*
15 December 2020	Digital Guangxi Tripartite Agreement A	(i) our Group; (ii) Digital Guangxi; and (iii) Supplier F	38,575[(1)]	9,044[(1)]
15 December 2020	Digital Guangxi Tripartite Agreement B	(i) our Group; (ii) Digital Guangxi; and (iii) Supplier F	37,697[(2)]	8,416[(2)]
10 December 2020	Digital Guangxi Tripartite Agreement C	(i) our Group; (ii) Digital Guangxi; and (iii) Supplier M	12,715	1,439
10 December 2020	Digital Guangxi Tripartite Agreement D	(i) our Group; (ii) Digital Guangxi; and (iii) Supplier M	9,184[(3)]	1,042[(3)]
10 February 2021	Digital Guangxi Tripartite Agreement E	(i) our Group; (ii) Digital Guangxi; and (iii) Supplier N	7,880	884

Notes:

1. In addition to the original contract sum of RMB38.6 million, two procurement orders with total contract sum of RMB9.1 million were added and entered into between our Group and Digital Guangxi. As such, in addition to the revenue of RMB9.0 million recognised under the original contract during the Track Record Period, revenue recognised under the procurement orders during the Track Record Period amounted to RMB1.9 million.

2. In addition to the original contract sum of RMB37.7 million, a procurement order with contract sum of RMB0.5 million was added and entered into between our Group and Digital Guangxi. As such, in addition to the revenue of RMB8.4 million recognised under the original contract during the Track Record Period, revenue recognised under the procurement order during the Track Record Period amounted to less than RMB0.1 million.

3. In addition to the original contract sum of RMB9.2 million, a procurement order with contract sum of RMB1.3 million was added and entered into between our Group and Digital Guangxi. As such, in addition to the revenue of RMB1.0 million recognised under the original contract during the Track Record Period, revenue recognised under the procurement order during the Track Record Period amounted to RMB0.2 million.

4. Save for outstanding contract value (excluding VAT) of RMB1.3 million attributable to maintenance works after the completion of the projects, user acceptance tests of all of the above projects had been passed as at 31 December 2022 and therefore, all these projects (including the procurement orders) were regarded as completed during the Track Record Period.

For illustration purposes, the following sets out the arrangements under the aforesaid Digital Guangxi Tripartite Agreement A:

On 15 December 2020, the Digital Guangxi Tripartite Agreement A was entered into among (i) our Group; (ii) Digital Guangxi; and (iii) Supplier F. Pursuant to the Digital Guangxi Tripartite Agreement A, Digital Guangxi engaged us and Supplier F to provide integrated IT solutions services as part of several government sector projects (the "**Master Project**"). The roles, responsibilities and obligations of us and Supplier F to Digital Guangxi under the Digital Guangxi Tripartite Agreement A, i.e. the provision of integrated IT solutions services, are joint and several. Yet, such roles, responsibilities and obligations of us and Supplier F are limited to those set out under the Digital Guangxi Tripartite Agreement A. While our project under the Digital Guangxi Tripartite Agreement A was part of the Master Project, the Master Project involved work done by different service providers other than us, and we were not responsible for any work done under the Master Project other than those set out under the Digital Guangxi Tripartite Agreement A.

On 16 December 2020, in relation to the Digital Guangxi Tripartite Agreement A, an agreement with a contract sum of RMB27.8 million (the "**Ancillary Supply Agreement**") was entered into between (i) our Group; and (ii) Supplier F, pursuant to which Supplier F would provide us with the software required under the Digital Guangxi Tripartite Agreement A, and we were responsible for integrating, installing and implementing software developed and provided by Supplier F. In particular, Supplier F was responsible for the quality of the software. We should collect the total contract value of the Digital Guangxi Tripartite Agreement A and pay Supplier F the contract value for the software provided, following the payment terms as stipulated under the Ancillary Supply Agreement.

The principal terms of the Digital Guangxi Tripartite Agreement A and the Ancillary Supply Agreement are set out as follows:

	The Digital Guangxi Tripartite Agreement A	The Ancillary Supply Agreement
Date	15 December 2020	16 December 2020
Parties	(i) our Group; (ii) Digital Guangxi; and (iii) Supplier F	(i) our Group; and (ii) Supplier F
	See "— Our Customers" and "— Our Suppliers" for further details of Digital Guangxi and Supplier F.	
Subject matter . . .	Digital Guangxi engaged us and Supplier F to provide integrated IT solutions services as part of the Master Project	Supplier F would provide us with the software required under the Digital Guangxi Tripartite Agreement A

	The Digital Guangxi Tripartite Agreement A	The Ancillary Supply Agreement
Consideration and payment terms.	The total contract value of the Digital Guangxi Tripartite Agreement A was RMB38.6 million. The contract value shall be payable in the following manner: (i) 10% of the contract value should be paid by Digital Guangxi to our Group as prepayment within 15 business days after the signing of the Digital Guangxi Tripartite Agreement A; (ii) 40% of the contract value should be paid by Digital Guangxi to our Group after the inspection by Digital Guangxi in relation to the work done under the Digital Guangxi Tripartite Agreement A and the issuance of invoice by our Group; and (iii) the remaining 50% of the contract value should be paid by Digital Guangxi to our Group after the completion of the Master Project. In addition, we are required to pay a deposit amounting to 5% of the contract value upon signing of the Digital Guangxi Tripartite Agreement A until the expiry of the warranty period which will be 60 months after the completion of the Master Project.	The total contract value of the Ancillary Supply Agreement was RMB27.8 million. The contract value shall be payable in the following manner: (i) an amount of RMB5 million should be paid by our Group within 10 business days after the signing of the Ancillary Supply Agreement; (ii) an amount of RMB5 million should be paid by our Group before 20 January 2021; (iii) an amount of RMB3.9 million should be paid by our Group before 30 November 2021; and (iv) an amount of RMB12.5 million within 90 days after the completion of the Master Project. In addition, Supplier F is required to pay a deposit amounting to 5% of the contract sum upon signing of the Ancillary Supply Agreement until the expiry of the warranty period which will be 60 months after the completion of the Master Project. We should pay an amount of RMB1.4 million within 10 business days after the expiry of the warranty period.

Our Directors confirmed that we entered into the foregoing Digital Guangxi Tripartite Agreements upon request by Digital Guangxi. To the best knowledge of our Directors after reasonable enquiries, we believe it is a customary business practice of Digital Guangxi, who (i) had negotiated the price with Supplier F directly; and (ii) considered that entering into of such tripartite arrangements with software developers and IT solutions services providers would facilitate the progress of the master project, as they considered that it would be more manageable to have us as the local IT solution services provider in Guangxi, which is responsible for integrating, installing and implementing software developed by Supplier F, to be under the same agreement with Supplier F. In this relation, we consider that undertaking the project was in general in the interest of our Group, having considered that (i) we could derive considerable revenue and gross profit from the project; (ii) we would not be exposed to inventory risk in relation to software to be provided by our respective suppliers; (iii) we planned to further expand our customer base throughout the Track Record Period; and (iv) Digital Guangxi was a state-owned company which was given the strategic positioning by the Guangxi government and the establishment of such business relationship could help us to promote our reputation as a customised integrated IT solutions services provider in the government sector.

Under the above arrangements, in relation to the sale of software, we were regarded as an agent pursuant to the relevant accounting standards and policies, since we do not control the specified software before the software are transferred to Digital Guangxi, and we have no discretion in establishing price and are not responsible for the quality of the software. As confirmed by our Directors, the terms of the arrangements under the Digital Guangxi Tripartite Agreements were generally determined by Digital Guangxi. It has never been, and is not, our intention to change our business strategy and undertake projects as an agent. We would only consider to undertake projects as an agent at our customer's request, and we will consider the terms of the projects as a whole and assess whether the project will be in general in the interest of our Group.

According to our PRC Legal Advisers, the tripartite agreements are valid, legally binding and enforceable and are in compliance with the relevant PRC laws and regulations. In respect of our arrangement with Digital Guangxi and the relevant suppliers, our Directors are of the view that, which is also supported by the F&S Report that, it is not uncommon in the IT solutions market that customers would request to enter into tripartite agreement with more than one of their suppliers.

Tripartite agreement with (i) financial institutions; and (ii) education institutions

During the Track Record Period, five tripartite agreements were entered into among (i) our Group; (ii) financial institutions, including banks and credit card services providers; and (iii) education institutions, pursuant to which the education institutions engaged us to provide customised integrated IT solutions services in relation to construction or upgrade of certain IT infrastructure in the education institutions, and the financial institutions would be responsible for paying us the contract sum. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, the revenue recognised under the relevant agreements in aggregate amounted to RMB3.1 million, nil, RMB4.7 million and nil, respectively, representing 1.5%, nil, 1.9% and nil of our total revenue, respectively for the corresponding years/period. As confirmed by our Directors, we entered into such tripartite agreement upon request by the education institutions. As the upgrade of the IT infrastructure was related to the enhancement of performance of the services provided by the financial institutions in the education institutions, the education institutions required the financial institutions to be responsible for the cost incurred. On the other hand, as the financial institutions intended to promote the use of their related services in the education institutions, they agreed to bear the cost of engaging us and directly settle our relevant accounts receivable. According to our PRC Legal Advisers, the tripartite agreements are valid, legally binding and enforceable and are in compliance with the relevant PRC laws and regulations. In respect of our arrangements with the education institutions and the financial institutions, our Directors are of the view that, which is also supported by the F&S Report, that it is not uncommon in the IT solutions market that customers would request to enter into tripartite agreement with their suppliers and the paying parties.

STRATEGIC PARTNERSHIPS

During our course of business, we intend to selectively pursue strategic alliances that can have synergistic effects on our current business in order to solidify our market position and to enter into new markets. In selecting potential business partners, we generally consider a variety of factors, including the suitability with our strategic planning, degree of potential synergies and market position of the business partner. We believe that strategic alliance will drive our business growth and expand our customer base in a cost-effective manner.

Benefitted by our established market presence in Guangxi, we have formed partnerships with state-owned enterprises in Guangxi to promote long-term growth. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, we generated sales in relation to our strategic partnerships of RMB41.9 million, RMB13.9 million, RMB20.9 million and nil, respectively, representing 20.2%, 6.9%, 8.6% and nil of our total revenue, respectively for the corresponding years/period.

Set out below are information of the partnerships:

— ***Shuguang Maiyue***

In October 2019, we and Digital Guangxi formed Shuguang Maiyue, which was then an associate company of our Group and subsequently became our 51% owned subsidiary in April 2021. See "History, Reorganisation and Corporate Structure — Corporate History and Development — Shuguang Maiyue" for the corporate structure of Shuguang Maiyue. Digital Guangxi is a state-owned company established in 2018 in the PRC, which principally engages in network technology development. It was strategically positioned and supported by the Guangxi government to promote the construction of digital government, digital economy and digital society in Guangxi, through the development and application of big data analytics. Based on the information available on public domain and to the best knowledge of our Directors after making reasonable enquiries, Digital Guangxi has a registered capital of RMB2,000.0 million, and recorded revenue of RMB94.4 million for the year ended 31 December 2019. Pursuant to the capital injection agreement and the memorandum and articles of Shuguang Maiyue, both Digital Guangxi and us will recommend an agreed number of directors to join the board of Shuguang Maiyue, who will be responsible for the management and operation of Shuguang Maiyue.

We believe that the formation of such strategic partnership with Digital Guangxi can have synergistic effects on our current business in the following manner: (i) Digital Guangxi possesses benefits from its strengths, especially its strategic positioning and support from the Guangxi government, as it has a considerable amount of business opportunities in large-scale projects in the government sector; (ii) Shuguang Maiyue can leverage the market position and relationship with Digital Guangxi, to increase the likelihood of being awarded for large-scale projects in the government sector; and (iii) establishing strategic partnership with a state-owned enterprise in the PRC could serve as an endorsement for our Group's performance, strength and prospects and further solidify our reputation in the market. As a result, we are of the view that we could benefit from the strategic partnership to expand our business by (i) providing services to Digital Guangxi following the establishment of our enhanced relationship; (ii) leveraging the market position and relationship with Digital Guangxi, obtaining additional business opportunities through Shuguang Maiyue and providing services to other third party customers; and (iii) obtaining additional business opportunities from other new customers because of our better market reputation. We assess the likelihood of undertaking projects by our wholly-owned subsidiaries when suitable opportunities arise and would decide to undertake projects through Shuguang Maiyue if we consider that we could have a higher chance to be awarded the projects, especially when the potential opportunities are introduced by Digital Guangxi. Going forward, we will continue to assess every suitable opportunity and will take into account the experience in providing services in large-scale projects to be accumulated throughout our business.

For the year ended 31 December 2020, we generated revenue of RMB41.9 million, representing 20.2% of our total revenue, from the provision of integrated IT solutions services to Shuguang Maiyue, which undertook projects and received a contract sum from independent third parties and engaged our subsidiaries to provide integrated IT solutions services by paying us a fee slightly less than the amount of contract sum it received. In particular, the fee we received from two major projects, namely Project F and Project G, of RMB38.5 million in aggregate, was approximately 10% less than the contract sum received by Shuguang Maiyue from the independent third parties. We recorded a lower gross profit margin of 11.4% and 11.9% for Project F and Project G, respectively mainly due to the competitive pricing we offered to undertake projects of larger scale which contributed a larger gross profit in dollar terms. Having considered that (i) Shuguang Maiyue obtained the projects from independent third parties through tendering with competitive pricing; (ii) the contract sum we received was only slightly less than the original contract sum paid by the independent third parties to Shuguang Maiyue; and (iii) as we wished to obtain projects of larger scale as mentioned above, it is expected that we would still have undertaken the projects if the opportunities were offered by independent third parties instead of Shuguang Maiyue on the same fee level, our Directors consider that the fees charged by us to Shuguang Maiyue are no less favourable than the fees charged by us to independent third parties for comparable projects (if any). In addition, other than the fees, the other terms of the transactions with Shuguang Maiyue were similar to those of the transactions with independent third parties for providing integrated IT solutions services. Based on the above, our Directors consider that our transactions with Shuguang Maiyue were conducted on normal commercial terms.

Given the strategic value of Shuguang Maiyue and having considered the projects successfully awarded to Shuguang Maiyue, we believe that our Group's overall business and financial results would be enhanced if Shuguang Maiyue becomes our subsidiary. Therefore, with an aim to fully consolidate the financial results of Shuguang Maiyue, we entered into a capital contribution agreement with Digital Guangxi on 21 April 2021 and obtained control of Shuguang Maiyue. After Shuguang Maiyue became our 51% owned subsidiary, the operating results, assets and liabilities of Shuguang Maiyue were fully consolidated to our Group's financial statements, save for attribution of net income to non-controlling interests. For illustrative purpose, had we consolidated Shuguang Maiyue into our Group's financial statements for the year ended 31 December 2020, we estimated that the consolidated revenue of our Group would have been increased by 2.2%, while the consolidated gross profit of the Group would have been increased by 3.4%, for the corresponding year. Save for the above, there was no change in revenue and cost structure of the Group after Shuguang Maiyue became our subsidiary.

For the years ended 31 December 2021 and 2022 and the four months ended 30 April 2023, Shuguang Maiyue generated revenue of RMB12.9 million, RMB20.9 million and nil, representing 6.4%, 8.6% and nil of our total revenue for the year/period, mainly from the provision of integrated IT solutions services to independent third parties.

The following table sets out the details of the arrangements in relation to the strategic partnership as at the Latest Practicable Date:

Company name	Our partner	Board majority (our seats: our partner's seats)	Purpose of establishing the partnership	Role of our representative	Percentage of beneficial interests of our Group
Shuguang Maiyue . .	Digital Guangxi	3:2	To undertake more large-scale projects including the provision of integrated IT solutions services and the subsequent IT system operation services	Formulating corporate strategy, planning, business development, supervising the overall operations and overseeing daily business operations	51% held by Guangxi Silunjie

— ***Fangchenggang City Investment Digital***

In November 2020, we formed Fangchenggang City Investment Digital, which is a joint venture company of our Group, with Fangchenggang City Investment Development Group Limited (防城港市城市投資發展集團有限公司).

The following table sets out the details of the arrangements in relation to the strategic partnership as at the Latest Practicable Date:

Company name	Our partner	Board majority (our seats: our partner's seats)	Purpose of establishing the partnership	Role of our representative	Percentage of beneficial interests of our Company
Fangchenggang City Investment Digital	Fangchenggang City Investment Development Group Limited (防城港市城市投資發展集團有限公司)	3:2	To undertake more integrated IT solutions projects in Fangchenggang city in Guangxi	Formulating corporate strategy, planning, business development, supervising the overall operations and overseeing daily business operations	65% held by Nanning Maiyue

For the years ended 31 December 2021, we generated revenue from the provision of integrated IT solutions services to Fangchenggang City Investment Digital, which amounted to RMB1.0 million and nil, representing 0.5% of our total revenue for the year.

On 26 April 2023, we were informed by Fangchenggang City Investment Development Group Limited that, due to its internal restructuring and change of business plans, it intended to transfer its 35% interests in Fangchenggang City Investment Digital to Nanning Maiyue. See "History, Reorganisation and Corporate Structure — Corporate History and Development — Fangchenggang City Investment Digital" for further details.

OUR CUSTOMERS THAT WERE ALSO OUR SUPPLIERS DURING THE TRACK RECORD PERIOD

During the Track Record Period, 21 of our customers were also our suppliers ("**Overlapping Entities**"). Each of the Overlapping Entities is an independent third party. Our Directors confirmed that our purchases from and sales to all of them are in separate contracts and the negotiations of the terms of our purchases from and sales to all of them were neither inter-connected nor inter-conditional with each other. The terms of transactions and the gross profit margin of sales to the Overlapping Entities are similar to those transactions with our other customers and suppliers. Based on the above, our Directors are of the view that the transactions with the Overlapping Entities were on normal commercial terms. Our Directors are of the view that, which is also supported by the F&S Report, that it is not uncommon for IT services providers to have their customers that are also their suppliers. The table below sets out the respective revenue and purchases with the Overlapping Entities during the Track Record Period:

	Years ended 31 December			Four months ended 30 April
	2020	**2021**	**2022**	**2023**
Revenue *(RMB'000)*	31,783	14,209	46,629	182
Percentage of revenue	15.3%	7.0%	19.2%	2.1%
Gross profit margin	35.2%	44.9%	23.5%	71.0%
Purchases *(RMB'000)*	20,374	28,068	15,103	35
Percentage of total cost of sales	15.5%	27.3%	10.9%	0.5%

Overlapping Entities that were either our top five customers or top five suppliers

Five of our Overlapping Entities were either our major customers or major suppliers during the Track Record Period.

(i) Customer B

During the Track Record Period, we provided integrated IT solutions services, sales of hardware and/or software, and standalone IT services to Customer B. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our total revenue generated from Customer B amounted to RMB13.6 million, RMB3.0 million, RMB13.5 million and RMB0.1 million, respectively, representing 6.5%, 1.5%, 5.6% and 1.2% of our total revenue, respectively for the corresponding years/period.

During the Track Record Period, we engaged Customer B to provide supporting technical services in relation to our research and development activities. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our total purchases from Customer B amounted to RMB0.1 million, nil, nil and nil, respectively, representing 0.1%, nil, nil and nil of our total cost of sales for the corresponding years/period.

We procured the above-mentioned services from Customer B in a single occasion to satisfy our instant needs.

(ii) Customer I

During the Track Record Period, we provided integrated IT solutions services to Customer I. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our total revenue generated from Customer I amounted to RMB10.7 million, nil, nil and nil, representing 5.2%, nil, nil and nil our total revenue, respectively for the corresponding years/period.

During the Track Record Period, we purchased hardware and/or software from Customer I. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our total purchases from Customer I amounted to RMB2.9 million, RMB1.6 million, RMB0.8 million and nil, respectively, representing 2.2%, 1.6%, 0.6% and nil of our total cost of sales, respectively for the corresponding years/period.

As Customer I is engaged in sales of computer hardware and software, we may procure software from them from time to time when we require such software in our projects.

(iii) Customer P

During the Track Record Period, we provided sales of hardware and/or software to Customer P. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our total revenue generated from Customer P amounted to nil, nil, RMB9.9 million and nil, representing nil, nil, 4.0% and nil our total revenue, respectively for the corresponding years/period.

During the Track Record Period, we engaged Customer P to provide supporting technical services. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our total purchases from Customer P amounted to nil, nil, RMB0.01 million and nil, respectively, representing nil, nil, less than 0.1% and nil of our total cost of sales for the corresponding years/period.

As Customer P is engaged in providing Internet information service, technical service and information system integration service, we may procure supporting technical services from them from time to time when we require such services in our projects.

(iv) Supplier G

During the Track Record Period, we provided integrated IT solutions services to Supplier G. For the years ended 31 December 2020 and 2021 and 2022 and the four months ended 30 April 2023, our total revenue generated from Supplier G amounted to RMB0.2 million, nil, nil and nil, respectively, representing 0.1%, nil, nil and nil of our total revenue, respectively for the corresponding years/period.

During the Track Record Period, we purchased hardware from Supplier G. For the years ended 31 December 2020 and 2021 and 2022 and the four months ended 30 April 2023, our total purchases from Supplier G amounted to RMB8.0 million, nil, nil and nil, respectively, representing 6.1%, nil, nil and nil of our total cost of sales, respectively for the corresponding years/period.

As Supplier G is engaged in sales of electronic equipment, we may procure IT equipment from them from time to time when we require such equipment in our projects.

(v) Supplier Q

During the Track Record Period, we provided sales of hardware, which mainly includes networking equipment, displaying equipment, safety equipment, etc., to a fellow subsidiary of Supplier Q. For the years ended 31 December 2020 and 2021 and 2022 and the four months ended 30 April 2023, our total revenue generated from the fellow subsidiary of Supplier Q amounted to nil, nil, RMB5.6 million and nil, respectively, representing nil, nil, 2.3% and nil of our total revenue, respectively for the corresponding years/period.

During the Track Record Period, we purchased hardware and software, which mainly includes virtual reality-related hardware and software, from Supplier Q. For the years ended 31 December 2020 and 2021 and 2022 and the four months ended 30 April 2023, our total purchases from Supplier G amounted to nil, nil, RMB6.2 million and nil, respectively, representing nil, nil, 4.5% and nil of our total cost of sales, respectively for the corresponding years/period.

As Supplier Q and its fellow subsidiary are engaged in providing technical services and information system integration services as well as sales of computer hardware and software, we may procure hardware and/or software from them from time to time when we require such hardware and/or software in our projects.

OUR SUPPLIERS

During the Track Record Period, our suppliers mainly comprised (i) hardware and equipment manufacturers or distributors, or software developers; and (ii) IT and supporting service providers, which provide IT and supporting services such as fitting-out services. Our suppliers are mainly located in the PRC.

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our five largest suppliers in each year/period during the Track Record Period in aggregate accounted for 45.3%, 36.3%, 44.5% and 55.0%, of our total purchases, respectively, and our largest supplier in each year/period during the Track Record Period accounted for 17.0%, 16.9%, 25.8% and 26.6%, of our total purchases, respectively. The following tables set out the details of our five largest suppliers in each year/period during the Track Record Period:

Year ended 31 December 2020

Rank	Supplier	Relationship since	Nature and background of supplier	Type of product/ service provided to us	Purchase of our Group	Percentage of total purchase
					RMB'000	*%*
1	Supplier D	2016	A company established in the PRC, which principally engages in sales of computer software and equipment.	Hardware	28,310	17.0
2	Supplier F	2020	A group of companies established in the PRC, which engages in development of database management systems.	Software	27,759	16.6
3	Supplier G	2019	A company established in the PRC, which principally engages in sales of electronic equipment and software.	Hardware	8,043	4.8
4	Supplier H	2020	A company established in the PRC, which engages in sales of computer and electronic products.	Hardware	5,918	3.5
5	Supplier I	2015	A company established in the PRC, which engages in sales of computer hardware.	Hardware	5,600	3.4
	Total purchases from our five largest suppliers				75,630	45.3

Year ended 31 December 2021

Rank	Supplier	Relationship since	Nature and background of supplier	Type of product/service provided to us	Purchase of our Group	Percentage of total purchase
					RMB'000	*%*
1	Supplier F	2020	A group of companies established in the PRC, which engages in the development of database management systems.	Software	27,897	16.9
2	Supplier J	2021	A company established in the PRC, which engages in the sales of computer software and hardware.	Software	10,935	6.6
3	Supplier K	2021	A company established in the PRC, which engages in the sales of computer software and equipment.	Software	7,898	4.8
4	Supplier L	2021	A company established in the PRC, which engages in the development of computer software and equipment.	Software	6,777	4.1
5	Supplier A	2011	A group of entities established in the PRC, which principally engages in the sales of internet equipment, computer accessories and consumables.	Hardware	6,407	3.9
	Total purchases from our five largest suppliers				59,914	36.3

Year ended 31 December 2022

Rank	Supplier	Relationship since	Nature and background of supplier	Type of product/service provided to us	Purchase of our Group	Percentage of total purchase
					RMB'000	*%*
1	Supplier O	2022	A company established in the PRC, which principally engages in providing technical services and information system integration services	Hardware, software	40,300	25.8
2	Supplier D	2016	A company established in the PRC, which principally engages in sales of computer equipment and software	Hardware, software	8,954	5.7
3	Supplier P	2021	A company established in the PRC, which principally engages in providing computer system services and information system integration services	Hardware, software	7,065	4.5
4	Supplier R	2022	A company established in the PRC, which principally engages in providing technical service and sales of computer software and ancillary equipment	Others *(Note)*	7,002	4.5
5	Supplier Q	2022	A company established in the PRC, which principally engages in providing technical services and information system integration services and sales of computer hardware and software	Hardware, software	6,240	4.0
	Total purchases from our five largest suppliers				69,561	44.5

Four months ended 30 April 2023

Rank	Supplier	Relationship since	Nature and background of supplier	Type of product/service provided to us	Purchase of our Group	Percentage of total purchase
					RMB'000	*%*
1	Supplier S	2023	A company established in the PRC, which principally engages in software development and providing technical services	Hardware, software	3,455	26.6
2	Supplier T	2023	A company established in the PRC, which principally engages in production of computer and other IT equipment	Hardware, software	1,571	12.1
3	Supplier O	2022	A company established in the PRC, which principally engages in providing technical services and information system integration services	Hardware	937	7.2
4	Supplier U	2023	A company established in the PRC, which engages in the development of technology, computer hardware, software and equipment	Hardware, software	700	5.4
5	Supplier V	2020	A company established in the PRC, which engages in the sales of computer and intercom hardware, software and equipment	Hardware, software	480	3.7
	Total purchases from our five largest suppliers				7,143	55.0

Note: Others include other equipment for carrying out integrated IT solutions projects for education institutions/ government authorities.

To the best of our Directors' knowledge after making reasonable enquiries, none of our Directors or their respective close associates or any person who owns more than 5% of our issued share capital or of any of our subsidiaries, had any interest in any of our five largest suppliers in any of the year/period during the Track Record Period.

Supplier concentration

For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our five largest suppliers in each year/period during the Track Record Period in aggregate accounted for 45.3%, 36.3%, 44.5% and 55.0%, of our total purchases, respectively; and our largest supplier in each year/period during the Track Record Period accounted for 17.0%, 16.9%, 25.8% and 26.6%, of our total purchases, respectively.

Our Directors are of the view that we have no material reliance issue on our major suppliers during the Track Record Period as the ranking and distribution of our five largest suppliers in each year/period during the Track Record Period were substantially different.

We also maintain a list of approved suppliers, with at least three suppliers for each type of products generally in our approved list. Accordingly, our Directors consider that we can freely select suppliers for a particular project based on price, quality and specification of products offered by the suppliers and thus we are able to effectively mitigate the risk of exposure to any material adverse changes in our relationship with our major suppliers.

Selection of suppliers

We maintain a list of approved suppliers, which are selected and continuously evaluated based on credit period, quality of products, timeliness of delivery and quality of supporting services. For each type of products, we generally maintain at least three suppliers in our approved list. Our selection of suppliers for a particular project is generally based on the price, quality and specification of products offered by the suppliers.

General terms of contracts with our suppliers

We do not enter into any long-term supply agreements with our suppliers. We generally place purchase orders with our suppliers after our clients' contracts are confirmed. The following sets out the major terms generally included in the agreements with our suppliers:

Product description and order amount	:	A brief description of the products, including specifications and brands, the number of pieces and unit prices are specified.
Scope of services and contract period	:	The scope of services, including the technical specifications and requirements of works, and the contract period are specified.

Payment	:	The credit terms granted by our suppliers were generally 0 to 90 days during the Track Record Period. We usually settle the payment by telegraphic transfer.
Warranty	:	We require a warranty period ranging from 12 months to 72 months from our suppliers against any major quality defects in the products they have sold. Within the warranty period, our suppliers shall provide hardware and equipment repairs and maintenance and software updates and supports free of charge.
Penalty	:	If our suppliers fail to perform their obligations before the stipulated schedule, a penalty generally equals to 0.5% of the total contract price shall be payable by them to us for each day of delay.

INVENTORY CONTROL

Our inventory primarily consists of hardware and software which are commonly used for implementation of our projects in order to minimise our risk of exposure to obsolete stock. As at 31 December 2020, 2021 and 2022 and 30 April 2023, our inventory balance amounted to RMB3.3 million, RMB2.3 million, RMB4.5 million and RMB8.6 million, respectively.

We normally place orders with suppliers upon acceptance of customers' purchase orders or signing our contract with customers to reduce our risk exposure to obsolete stock and reduce working capital requirements. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our inventory turnover days were 12 days, 10 days, 9 days and 112 days, respectively.

QUALITY CONTROL

We have put in place a strict system of quality control measures throughout our business operation. In recognition of our quality control system, we are certified as being in compliance with the requirements of ISO 9001:2015. See "— Awards and Recognitions" below for further details.

The following sets out a summary of the key quality control measures which we have implemented:

- **Service quality control**

Our project management and technical teams are responsible for ensuring the quality of our services by conducting testing on the services provided by us.

- **Product quality control**

Our procurement team will be responsible for quality control of the procurement, storage and sales of the hardware and software. Our product quality control team places emphasis on the quality control and logistics arrangements of the IT products and will conduct a full inspection on all the IT products procured from our suppliers and sold to our customers. We are entitled to return the IT products which do not meet our quality standards to the suppliers for replacement.

- **Supplier management**

We will monitor the performance of our suppliers in planned intervals. The performance will be measured against the service targets and other contractual obligations. The performance results will be documented and reviewed to identify any non-conformities or room for improvement so as to ensure the services provided by our suppliers satisfy our requirements.

During the Track Record Period and up to the Latest Practicable Date, we (i) did not encounter any material product recall or return from our customers due to defects found in our products; and (ii) did not experience any material quality issues or receive any material complaints about the quality of our services.

INTELLECTUAL PROPERTY

We rely on a combination of registration of patents, copyrights and trademarks and protection under relevant trade secret laws and regulations to protect our intellectual property rights. We own copyrights and patents of relevant contents and software we developed. As at the Latest Practicable Date, we have obtained 84 software copyrights and 14 patents which include (i) 13 utility models patents (實用新型專利); and (ii) one invention patent (發明專利). As at the Latest Practicable Date, we have also applied for the registration of 12 patents which we consider to be material to our business. Details of our intellectual property rights, which are material to our business and operations, are set out in "Statutory and General Information — B. Further Information about our Business — 2. Intellectual property rights" in Appendix IV to this prospectus.

Our operations rely heavily on our intellectual property rights. We have put efforts on the protection of our intellectual property rights from infringement and misappropriation by third parties. In addition to a combination of registration of patents, copyrights and trademarks and protection under relevant trade secret laws and regulations, we protect our or our customers' intellectual property rights through entering into confidentiality agreements with our staff. In general, our staff must enter into a standard employment contract that includes a clause acknowledging that all trade secrets generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works. However, there may be unauthorised attempts to use and obtain our intellectual property. In the event of a successful claim of infringement by third party or our failure or inability to protect our intellectual properties, we may face damage to our reputation and may also adversely affect our operations. See "Risk Factors — We may not be able to adequately protect our intellectual property rights and may be exposed to third-party claims of infringement or misappropriation of intellectual property rights" for details of risk involving our intellectual property rights.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, there were no material disputes or infringements in connection with our intellectual property rights pending or threatened against our Group which could have a material adverse effect on our operations or financial performance. As at the Latest Practicable Date, we had not been subject to any material intellectual property claims against us or experienced any dispute in relation to the infringement on our intellectual property rights. Our Directors believe that we have taken reasonable measures to prevent infringement of our intellectual property rights.

COMPETITION

According to the F&S Report, both the education and government IT solutions markets are subsets of the overall IT solutions market with market share of 11.7% and 9.9% within the overall IT solutions market in the PRC, respectively, in terms of revenue in 2022.

According to the F&S Report, the education IT solutions market is highly fragmented with approximately 1,000 players in Guangxi. In 2022, the total revenue generated by the top five players in the education IT solutions services amounted to RMB567.6 million, accounting for a total market share of 3.9% in Guangxi.

Within the education IT solutions market, the integrated IT solutions market in Guangxi is also fragmented with less than 500 of integrated IT solutions services providers. In 2022, the total revenue generated by the top five integrated IT solutions provider in Guangxi amounted to RMB399.2 million, accounting for a total market share of 9.3%, respectively.

The entry barriers of the education IT solutions market include: (i) the accumulation of rich experience and deep know-how, and successful track records in providing education IT solutions services; (ii) the possession of strong technical strength including ability to adapt to new emerging technologies and applications, and capability of providing one-stop customised education IT solutions services; (iii) the establishment of a well-known brand name in the operating regions and solid relationship with schools and education institutions; and (iv) the solid relationship with suppliers of hardware equipment and software services.

Driven by (i) the strong policy support; (ii) the increasing public expenditure on education; (iii) the strong demand from the education industry; and (iv) the rapid technological development and iteration, the total revenue of education IT solutions market in Guangxi has grown at a CAGR of 9.4% between 2017 and 2022. In particular, the market size of integrated IT solutions services in Guangxi has experienced a growth at a CAGR of 11.5% and is expected to grow at a CAGR of 8.3% between 2022 to 2027, reaching RMB6.4 billion in 2027.

The government IT solutions market in Guangxi is relatively fragmented. There were around 300 players in the government IT solutions market of Guangxi. Driven by (i) favourable government policy; (ii) accelerating urbanisation process; and (iii) rapid technological development, the government IT solutions market in Guangxi increased from RMB6.1 billion in 2017 to RMB10.7 billion in 2022, representing a CAGR of 11.8%. Going forward, the government IT solutions market in Guangxi is expected to increase at a CAGR of 5.6% between 2022 and 2027, reaching RMB14.1 billion in 2027.

We believe that we have an edge over our competitors due to our ability and experience in providing customised integrated IT solutions services to our customers and our market position which targets at the education sector and the government sector in the PRC. See "— Our Competitive Strengths" above for further details of our competitive strengths. The demand for customised integrated IT solutions services in both education IT solutions market and government IT solutions market will continue to grow according to the F&S Report and our Directors are of the view that we are well positioned to capture the emerging demand in the market.

INSURANCE

We maintain insurance policies that are required under the relevant PRC laws and regulations as well as policies based on our assessment of our operational needs and industry practice. Our Directors consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance practice. As advised by our PRC Legal Advisers, save as disclosed in "— Legal Proceedings and Non-compliance Incident — Non-compliance incident" below, we had duly maintained all material insurance policies in compliance with the relevant PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we have not made, nor been the subject of, any material insurance claims.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

During the Track Record Period, due to the nature of our business (that is, we do not operate in a highly-polluting industry), we did not incur material costs in relation to the compliance of relevant environmental laws and regulations. As we operate in the IT solutions market, our businesses do not have a material impact on the environment during the course of our provision of services. However, we have generated pollutant through indirect emissions from the consumption of electricity and paper consumption. To the best of our Directors' knowledge, during the Track Record Period and up to the Latest Practicable Date, there was no administrative sanctions, penalties or punishment imposed upon us for the violation of environmental laws and regulations which had materially and adversely affected our operations.

Nevertheless, we consider the protection of the environment to be important. We are committed to complying with all applicable environmental laws and regulations in our business operations, and endeavour to mitigate any negative effects of our operations on the environment. Under our environmental, social and governance ("**ESG**") policies, we proactively identify any major environmental and social sustainability risks related to our business, and formulate policies on emissions, use of energy, climate change, employees' welfare and safety and data protection. We are committed to minimise the environmental impact of our business through adopting green procurement practices and publicising environmental protection messages to our staff. We have set up metrics and targets for environmental and health and safety management to review major environmental and social sustainability risk performance on a regular basis.

We do not expect to incur environmental liabilities that could have any material impact on our financial condition or business operations upon Listing. We will comply with the ESG reporting requirements after Listing and the responsibility to publish ESG report on an annual basis in accordance with Appendix 27 to the Listing Rules. We will focus on each of the areas as specified in Appendix 27 to the Listing Rules, particularly those environmental and social issues that could have a material impact on the sustainability of our operations and that are of interest to our Shareholders.

Our Board has the overall responsibility for evaluating and determining our ESG-related risks including climate-related risks and establishing, adopting and reviewing our ESG vision, policy and target. Our Directors have the responsibility to ensure that the ESG policies established are duly implemented and comply with the latest standards. We have established an ESG management sub-committee which serves a supportive role to our Board in implementing the agreed ESG policies, targets and strategies, conducting materiality assessments of environmental-related, climate-related, social-related risks and assessing how we adapt our business in light of climate change, collecting ESG data from different parties while preparing for the ESG report, and continuously monitoring the implementation of measures to address our ESG-related risks and responsibilities. Our ESG management sub-committee reports to our Board on an annual basis via board meeting on our ESG performance and the effectiveness of these ESG systems.

Measures to identify, assess and manage ESG related risks

Under our ESG policies, we intend to adopt various strategies and measures to identify, assess and manage ESG risks, including but not limited to:

- reviewing and assessing ESG reports of similar companies in the IT industry to ensure relevant ESG related risks are identified on a timely basis;

- making reference to the local and international guidelines such as the Sustainability Accounting Standards Board Standards for the industry-specific ESG risks;

- discussing with management from time to time to ensure material ESG related issues are reported and addressed;

- establishing communication channels and discussing with key stakeholders on an ongoing basis to understand ESG related concerns and monitor how our environmental, social and climate-related performance has impacted key stakeholders; and

- engaging professional advisers to advise on compliance with ESG matters.

Through the above, we have identified the following material ESG issues relating to our Group and their potential impacts on our business, strategy and financial performance:

Material ESG issues	Potential risks, opportunities and impacts	Mitigating actions
Resources and energy management	Ineffective resources and energy management may potentially lead to excessive energy usage, which leads to increased operational cost	Promoting energy conservation and environmentally friendly procurement practices Reviewing and accounting for greenhouse gas emissions and resource consumptions Performing overall waste management in the office and warehouse
Impact of climate change.	Climate change may lead to risks of more frequent extreme weather conditions. Such risks may lead to potential injuries to employees and increase in insurance premiums in long term Regulators may require increasing disclosure on emission and tighten environmental regulations. Such transitional risks which require us to move towards a sustainable business model may potentially lead to impacts such as increased operational cost from change of operational practices	Providing work arrangements for bad weather and/or extreme conditions to mitigate potential injuries to employees and increase in insurance premiums Monitoring the changes in ESG-related regulatory requirements and market trend Assessing the energy consumption proportion in our operation comprehensively and optimising the corresponding procedures
Human capital development	Insufficient resources devoted towards the development of human capital, such as lack of training and promotion opportunities, may put our Group at risk of higher turnover rates and less competent workforce in medium and long term. Strong human capital development and the provision of competitive remuneration packages may improve employee retention and dedication	Providing employees with competitive social benefits and career development opportunities
Privacy and data security.	Ineffective privacy and data protection policies may put our Group at risk of data leakages and privacy breaches, leading to increased costs in addressing regulatory actions, involving litigations and potential fines, and also potentially tarnishing our reputation	Requiring employees to sign non-disclosure agreement to mitigate privacy and data security risks

Metric and targets on environmental, social and climate-related risks

During the Track Record Period, we have assessed our environmental performance by understanding the environmental footprint. Our business primarily operates in office and the most significant resource consumption is the use of electricity and paper consumption. The use of electricity accounted for the largest proportion of the greenhouse gas ("**GHG**") emission. In addition, with reference to our expanding IT service business, we have placed more attention to the environmental protection in respect of the procurement of information technology products and materials during our business operation. In particular, we have clearly stated in our tender documents for the procurement of products to our suppliers that they shall comply with the relevant policies and requirements relating to energy-saving, such as the policies imposed by the relevant local authorities, and we are entitled to return IT products which fail to meet our quality standards to the supplier. Also, given that our services provided to customers are relatively customised, it is infrequent for us to dispose of any scrap IT hardware materials. In case there are scrap or unused hardware products or IT materials, they will be collectively recycled and disposed of according to our relevant internal procedures. The tables below summarise our key environmental performance as at the relevant date indicated:

		As at 31 December			As at 30 April
Resource consumption	**Unit**	**2020**	**2021**	**2022**	**2023**
Energy consumption[1]	MWh	255.6	274.9	297.7	51.2
Energy consumption Intensity	MWh per RMB'million revenue	1.23	1.36	1.22	5.93
Wasted water consumption	m^3	1,603.8	2,197.6	2,062.4	633.0
Wasted water consumption Intensity	m^3 per RMB'million revenue	7.74	10.89	8.48	73.26
Paper consumption	tonnes	1.42	1.83	2.52	0.81
Paper consumption intensity	tonnes per RMB'million revenue	0.0068	0.0091	0.0104	0.0937

GHG emission	Unit	As at 31 December 2020	2021	2022	As at 30 April 2023
Total GHG Emission	tonnes CO_2e	208.0	224.8	245.3	45.1
Scope 1 Emission	tonnes CO_2e	2.5	3.8	5.9	3.9
Scope 2 Emission	tonnes CO_2e	205.6	221.1	239.4	41.2
Total GHG Emission Intensity	tonnes CO_2e per RMB'million revenue	1.00	1.11	1.01	5.22

After identifying and evaluating the emission and consumption trend, we will develop the reduction targets and formulate feasible action plans to enhance our performance after Listing.

Note:

(1) Majority of energy consumed by our Group is electricity, which mainly includes the electricity consumed at our office and our servers for business operation.

Health and work safety

Due to our business nature, we are not subject to significant health and occupational safety risks. To the best of our Directors' knowledge, during the Track Record Period and up to the Latest Practicable Date, (i) we did not experience any accident in our operations that would have a material impact on our business or results of operations; (ii) there had been no material violation of any health and work safety laws and regulations applicable to our operations; and (iii) there had been no claim or penalty imposed on our Group as a result of violation of health and work safety laws and regulations. We have put in place a staff manual that sets down the safety policies and procedures to ensure that our operations are in compliance with applicable work safety laws, regulations and requirements. Our human resources team is responsible for recording and keeping track of any workplace injuries and following up with relating insurance claims to protect our employees and us.

To the best of our Directors' knowledge, during the Track Record Period and up to the Latest Practicable Date, we had not encountered any material claims or complaints from our employees, customers or the public in respect of health or work safety issues relating to our business operations.

LICENCES AND PERMITS

As advised by our PRC Legal Advisers and confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, our Group had all material requisite licences, approvals and permits required for our operations in the PRC. The following table sets out the key licence which we have obtained for our business during the Track Record Period:

Name of licence	Holder	Grade	Type of business	Granting authority in the PRC	Date of expiry/ cancellation
Qualification for the integration of the confidential information systems (涉密信息系統集成資質證書)	Nanning Maiyue	Second class (乙級)	System integration, software development	National Administration of State Secrets Protection of Guangxi Zhuang Autonomous Region (廣西壯族自治區國家保密局)	30 March 2023*(Note)*

Note: The licence expires on 20 December 2024. Yet, in view that Nanning Maiyue would no longer be able to possess or renew the license after the Listing as illustrated below, we made application to the relevant authority to cancel the licence on 21 March 2023 and the authority formally approved the application and cancelled the licence on 30 March 2023.

Our Directors confirmed that, save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, no licence and permits had been revoked, cancelled or otherwise expired and we had not been penalised by national or local authorities for violations of laws and regulations, which may have material adverse effects on our Group.

In relation to the qualification for the integration of the confidential information systems, as advised by the PRC Legal Advisers, since it is expected that the proportion of foreign investors and/or their acting in concert parties will indirectly hold more than 20% of the equity interest of Nanning Maiyue after the Listing, Nanning Maiyue would no longer be able to possess or renew the licence after the Listing. In view of the foregoing, we applied to cancel the licence and such licence was cancelled on 30 March 2023. During the Track Record Period, we had two integrated IT solutions projects with contract value of RMB36.0 million (with supplemental order of RMB4.9 million) which depended on the licence. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, these two integrated IT solutions projects (including the supplemental order) contributed revenue of nil, RMB33.5 million, RMB4.3 million and nil, respectively, to our Group, representing nil, 16.6%, 1.8% and nil of our total revenue during the respective years/period. Our Directors are of the view that it would have no material adverse effect on our sustainability nor significant impact on our Group, having considered that it was not our intention at any point of time during the Track Record Period to heavily rely on the licence to capture business opportunities, particularly where there were only two integrated IT solutions projects with total contract value (including VAT) of RMB36.0 million (with supplemental order of RMB4.9 million) during the Track Record Period requiring the licence, which our Directors consider, shall not cause material adverse effect on our sustainability as compared to our revenue throughout the Track Record Period. On the other hand, our Directors are of the view that we are well-positioned to undertake other integrated IT solutions projects leveraging on our competitive advantages to capture business opportunities under the strong market growth.

AWARDS AND RECOGNITIONS

We have received various awards and certificates since our establishment in recognition of the quality of services we have provided and the outstanding achievements we have accomplished. The following table sets out the material certificates we received:

Certificates	Issuing organisation	Recipient	Date of first issuance	Date of expiry
Guangxi High and New Technology Enterprise Certification (廣西高新技術企業證書)	Guangxi Zhuang Autonomous Region Science and Technology Department (廣西壯族自治區科學技術廳)	Nanning Maiyue	30 November 2016 (last renewed on 18 October 2022)	17 October 2025
The list of pilot demonstration projects for the development of the big data industry (大數據產業發展試點示範項目名單)	MIIT	Maiyue Big Data Digitalised Campus Platform (邁越大數據智慧校園平台)	8 August 2022	Not applicable
National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)	China National Intellectual Property Administration	Nanning Maiyue	23 September 2022	Not applicable
100 Excellent Demonstration Cases (100個優秀示範案例)	*Note (1)*	(i) Big Data Platform project in Nanning Vocational and Technical College (南寧職業技術學院大數據平台建設項目); and (ii) Information Public Teaching Support Platform project in Guangxi University (廣西大學信息化公共教學支撐平台項目)	29 July 2021	Not applicable

Certificates	Issuing organisation	Recipient	Date of first issuance	Date of expiry
Guangxi Zhuang Autonomous Region Industry-Education Integration Pilot Enterprise (廣西壯族自治區產教融合型試點企業).	Guangxi Zhuang Autonomous Region Development and Reform Commission (廣西壯族自治區發展和改革委員會)	Nanning Maiyue	18 December 2021	Not applicable
"High-quality, Developed, and Technologically Advanced" small and medium-sized enterprise ("專精特新"中小企業) . . .	Guangxi Zhuang Autonomous Region Department of Industry and Information Technology (廣西壯族自治區工業和信息化廳)	Nanning Maiyue	22 November 2021	Not applicable
Nanning Service Industry Leading Enterprise (南寧市服務業龍頭企業)	Office of the Leading Group for the Development of Service Industry in Nanning (南寧市服務業發展領導小組辦公室)	Nanning Maiyue	29 July 2022	Not applicable
National Encouraging Industry Certification (國家鼓勵類產業認定) . . .	Nanning Development and Reform Commission (南寧市發展和改革委員會)	Nanning Maiyue	15 July 2019	Not applicable
National Encouraging Industry Certification (國家鼓勵類產業認定) . . .	Nanning Development and Reform Commission (南寧市發展和改革委員會)	Guangxi Silunjie	27 December 2017	Not applicable
Guangxi Zhuang Autonomous Region Enterprise Technology Centre (廣西壯族自治區企業技術中心) . .	*Note (2)*	Nanning Maiyue	5 November 2018	Not applicable
Nanning Recognised Enterprise Technology Centre (南寧市認定企業技術中心)	Nanning Industry and Information Commission (廣西壯族自治區工業和信息化委員會)	Nanning Maiyue	13 November 2017	Not applicable
Software Product Certification (軟件產品證書)	Guangxi Software Industry Association (廣西軟件行業協會)	Silunjie project management system v1.0 (思倫捷項目管理系統 v1.0)	30 December 2019	29 December 2024
ISO9001:2015	Beijing World Standards for Certification Centre Inc. (北京世標認證中心有限公司)	Nanning Maiyue	8 May 2018	7 May 2024
ISO45001:2018	Beijing World Standards for Certification Centre Inc. (北京世標認證中心有限公司)	Nanning Maiyue	12 May 2022	11 May 2025

Certificates	Issuing organisation	Recipient	Date of first issuance	Date of expiry
ISO14001:2015	Beijing World Standards for Certification Centre Inc. (北京世標認證中心有限公司)	Nanning Maiyue	12 May 2022	11 May 2025
Data Management Capability Maturity (Robust Level (Level 3)) (數據管理能力成熟度(穩健級(3級))) . . .	China Electronic Information Industry Federation (中國電子信息行業聯合會)	Nanning Maiyue	15 May 2023	14 May 2026
Kunpeng Technology Certification (鯤鵬技術認證書).	Huawei Cloud Ecological Technology Certification Centre (華為雲生態技術認證中心)	Nanning Maiyue	25 May 2023	April 2026
R&D Center Maturity Level 3 Certification	CMMI Institute	Nanning Maiyue	18 June 2023	17 June 2026

Notes:

(1) Guangxi Zhuang Autonomous Region Committee Cyber Information Office (中共廣西壯族自治區委員會網絡安全和信息化委員會辦公室), Guangxi Zhuang Autonomous Region Development and Reform Commission (廣西壯族自治區發展和改革委員會), Guangxi Zhuang Autonomous Region Industry and Information Technology Department (廣西壯族自治區工業和信息化廳) and Guangxi Zhuang Autonomous Region Big Data Development Bureau (廣西壯族自治區大數據發展局)

(2) Guangxi Zhuang Autonomous Region Industry and Information Commission (廣西壯族自治區工業和信息化委員會), Guangxi Zhuang Autonomous Region Science and Technology Department (廣西壯族自治區科學技術廳), Guangxi Zhuang Autonomous Region Development and Reform Commission (廣西壯族自治區發展和改革委員會), Guangxi Zhuang Autonomous Region Finance Department (廣西壯族自治區財政廳), Guangxi Zhuang Autonomous Region Tax Department (廣西壯族自治區稅務局) and Nanning Customs Department (南寧海關)

The following table sets out the major awards we received during the Track Record Period:

Award	Year of award	Issuing organisation	Recipient
Most Potential Private Enterprise in Guangxi 2019 (2019 廣西最具潛力民營企業)	2019	Guangxi Zhuang Autonomous Region Industry and Commerce Federation (廣西壯族自治區工商業聯合會) and Guangxi Zhuang Autonomous Region Science and Technology Department (廣西壯族自治區科學技術廳)	Nanning Maiyue
Leading Enterprise in Digitalised Campus (Guangxi) (智慧校園(廣西)領軍企業).	2019	Guangxi Smart City Research Association (廣西智慧城市研究會)	Nanning Maiyue
Model Leading Key Demonstration Enterprises under Digital Guangxi Construction (數字廣西建設標杆引領重點示範企業).	2019	Leading Group Office of Digital Guangxi Construction (數字廣西建設領導小組辦公室)	Nanning Maiyue
Top 100 High and New Technology Enterprises in Guangxi (廣西高新技術企業一百強).	2019-2020	Association of High and New Technology Enterprises in Guangxi (廣西高新技術企業協會)	Nanning Maiyue

OUR EMPLOYEES

As at 30 April 2023, we had a total of 218 employees. The following table sets out a breakdown of our employees by function:

Functions	Number of employees
Management	29
Sales and marketing	22
Project management	27
Technical.	23
Research and development	87
Procurement	5
Finance	9
Administrative and human resources	16
Total	218

Relationship with staff

Our success depends on our ability to attract, retain and motivate talented and competent personnel. As part of our retention strategy, we offer competitive salaries, performance-based bonuses and staff benefits to our employees. We also strive to develop a sense of belonging for employees to our Group and an affinity to our business brand, motivating employees to interact and collaborate as a community.

Training and recruitment policies

We have employees recruited through job market recruitments taking into account of the candidates' initiative, the relevant qualification and capability and work ethic. As our recruitment principle, each job applicant has an equal job opportunity. All of them will be treated equally and there is no discrimination as to gender, age and ethnicity. We provide management personnel and employees with on-the-job training to improve their skills and knowledge. Such trainings serve as a guide and tour for employees to understand our business operations, culture and policies. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any labour-related disputes or work stoppages in all material respects and we and our employees had not established any labour union.

We believe that our employees are important assets to us. Our goal is to provide employees with resources and an environment that encourages them to develop careers with us. We believe we have good relationships with our employees. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material labour disputes or difficulty in recruiting staff for our operations.

PROPERTIES

Owned properties

As at the Latest Practicable Date, we had property ownership certificates for the following property in the PRC:

Location	Usage	Gross floor area
		m^2
1. No. 1801-1803, 1805-1813, Building 2, Longguang International, No. 399 Wuxiang Avenue, Liangqing District (良慶區五象大道399號龍光國際2號樓1801-1803, 1805-1813號)	Office premise	794.23

Leased properties

As at the Latest Practicable Date, we leased the following properties which are material to our business operations:

Location	Gross floor area	Term of Lease	Usage
	m^2		
1. Rooms 803, 804, Floor S2-8, Global Center, High-tech Zone, Chengdu (成都市高新區環球中心S2-8樓803、804號)	379.94	16 July 2022 to 15 July 2024; RMB20,896.7 per month	Research and development centre
2. The Whole Floor of the 8th Floor to the Part of the 9th Floor, Block B, West Supporting Engineering Complex, Guangxi Sports Centre, No. 9 Gehai Road, Nanning City (南寧市歌海路9號廣西體育中心配套工程綜合體西B座第8層整層至第9層部分)	1,588	1 June 2018 to 31 May 2023; RMB15,880 per month[Note]	Office premise, research and development centre
3. Room 602, Unit 1, Building 7, Honglin Bay, Chenhua, Fangchenggang City (防城港市晨華紅林海灣7棟1單元602號房)	147.57	1 December 2022 to 1 December 2023; RMB1,365 per month	Staff quarters

Location	Gross floor area	Term of Lease	Usage
	m^2		
4. No. 401, 4/F, Building 5, Ronggang City Truck Phase I, No. 19, Jinkai Road, Nanning (南寧市金凱路19號榮港城倉儲一期5棟4樓401號)	127	1 May 2023 to 31 October 2023; RMB2,857.5 per month	Warehouse
5. No. 1901, Block A, Sansheng Mansion, North of Yingbin Road, Port District, Fangchenggang City (防城港市港口區迎賓路北面三生觀邸A座1901號)	106.12	25 August 2022 to 24 August 2023; RMB1,000 per month[Note]	Staff quarters
6. No. 5-6-3, Building 5, Zixinyuan Community, Yizhou City (宜州市紫馨苑小區5棟5-6-3號)	172.73	20 April 2023 to 20 December 2023; RMB1,350 per month	Staff quarters
7. Room 12, 14/F, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong	200.21	16 April 2023 to 15 April 2025; HK$78,000 per month	Office
8. Room 1006, Unit 2, Teacher Apartment Building No.2, Binhai Campus, Beibu Gulf University, Qinzhou (欽州北部灣大學濱海校區2號教師公寓樓2單元1006室)	100.28	4 January 2023 to 3 January 2026; RMB18,050.4 per year	Staff quarters
9. Room 502, Floor 5, No. 191, Weiliu Community Living Resettlement Area, Hechi City (河池市維六社區生活安置區191號第5層樓502號房)	118	13 August 2023 to 12 February 2024; RMB1,500 per month	Staff quarters
10. Room 2103, Floor 21, Unit 2, No. 53-3, Anning East Road, Shilitian Street, Anning District, Lanzhou City (蘭州市安寧區十里田街道安寧東路53-3號2單元21層2103室)	85	27 July 2023 to 26 July 2024; RMB2,200 per month	Staff quarters

Note: The term of lease has expired as at the Latest Practicable Date and we are currently arranging for the signing of the new lease for renewal.

Property valuation

As at the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Business park development

Background

In view of our market position in the education IT solutions market in Guangxi, in 2019, the Development Reform and Investment Promotion Bureau of the Planning and Construction Management Committee of Wuxiang New District, Nanning, Guangxi (廣西南寧五象新區規劃建設管理委員會發展改革和投資促進局) invited us to tender for a land with gross floor area of 16,500 sq.m. in Liangqing District, Nanning City, with a view to develop an IT-related business park (the "**Business Park**"). Our Directors were of the view that developing the Business Park would be in the interest of our Group. With this development, we could invite other IT solutions services providers, including hardware and equipment manufacturers or distributors, or software developers, to set their local headquarters, offices or workshops in the Business Park with a view to enhance our relationships with them and strengthen our collaborations with them. This will, in turn, enable us to broaden and diversify our product portfolio in a timely and cost-effective manner in order to meet the ever-changing IT developments and the distinct requirements of our customers. Besides, we can utilise part of the Business Park to expand our office in light of our intended business expansion. Accordingly, we submitted a tender for such development and were granted the property ownership of the said land at a consideration of RMB9.2 million in December 2019.

Engagement of construction company

On 2 September 2020, our Group entered into a construction agreement (the "**Construction Agreement**") with contract sum of RMB140 million with Guigang Honggang Construction Engineering Co., Ltd. (貴港市宏港建築工程有限責任公司) (the "**Contractor**"), a construction company which is an independent third party, in relation to the construction of the Business Park. Pursuant to the Construction Agreement, the Contractor is responsible for the construction works, fitting out works, electrical and mechanical works and some other ancillary services of four multi-storey industrial buildings with gross floor area of over 60,000 sq.m.. As at the Latest Practicable Date, the foundation works phase was completed and the superstructure construction phase was in progress and it is expected that the construction will be completed by the end of 2023. There was no revenue and cost sharing arrangement.

Cooperation with external operating partner

As the development of the Business Park proceeded, it is estimated that the development of the Business Park would continue to require a significant amount of costs. As an illustration, as at 31 December 2022, it is estimated that the total expenditure in relation to the development of the Business Park would amount to RMB220.0 million (which mainly included the amounts under the Construction Agreement, other expenses at the early stage of the development of the Business Park, such as earth excavation costs and other miscellaneous costs, and the consideration of acquiring the land) and we had only paid RMB41.3 million at the material time. As such, we have been looking for external operating partners to cooperate in developing the Business Park.

In April 2021, our Group entered into an agreement (the "**Former Operation Agreement**") with a subsidiary of a real estate operator group (the "**Former Operator**") in relation to the development and operation of the Business Park. To the best knowledge of our Directors after reasonable enquiries, save for the Former Operation Agreement, the Former Operator or its shareholders/beneficial owners and directors/controllers do not have any past or present relationship (including employment, business or trust relationship) with our Company, our subsidiaries, shareholders, directors, senior management or any of their respective associate, and are independent to the Contractor. Pursuant to the Former Operation Agreement, we intended to cooperate with the Former Operator to develop the Business Park. In particular, while we granted the Former Operator 70% of the right of use and right to rental income of the Business Park (in terms of gross floor area or number of floors) for a period of 30 years, the Former Operator would be responsible for the construction and operation of the Business Park including the cost incurred therein.

In late 2021, we were informed by the Former Operator that it could not fulfil its payment obligations according to the Former Operation Agreement at the material time and that it wished to terminate the Former Operation Agreement with us as there was an adjustment of its internal business strategies and it might not have enough resources for the development of the Business Park.

According to the Former Operation Agreement, in the event of a breach, the defaulting party shall compensate the other party of all losses arising from such breach. However, having considered that (i) we had an obligation of developing the Business Park towards the Planning and Construction Management Committee of Wuxiang New District, Nanning, Guangxi (廣西南寧五象新區規劃建設管理委員會) and wished to develop the Business Park according to the planned schedule; (ii) we did not incur or pay any additional costs under the Construction Agreement and/or the Former Operation Agreement in any material aspects due to the failure of the Former Operator and thus our loss as a result of the failure of the Former Operator was minimal; (iii) we wished to maintain good business relationship with the Former Operator, which would allow us to have more opportunities for future business cooperation; and (iv) we preliminarily reached an agreement and were in the final stage of negotiation with the Operator (as defined below) in relation to the development of Business Park, and given the new operation arrangement is in general in the interest of our Group, we did not wish to lengthen the termination process which may otherwise interrupt our cooperation with the Operator. As a result, on 29 March 2022, we entered into a termination agreement with the Former Operator in relation to the termination of both of our and its responsibilities under the Former Operation Agreement without attempting to seek any compensation from the Former Operator. Pursuant to the termination agreement, neither of us would be responsible for any breach of terms or conditions stated in the Former Operation Agreement.

In April 2022, we reached an agreement with Guangxi Qianlong Education Technology Co., Ltd. (廣西千龍教育科技有限責任公司) (the "**Operator**"), in relation to the development and operation of the Business Park. We became acquainted with the Operator since a fellow subsidiary of the Operator, namely Guangxi Chonggao Electronic Technology Co., Ltd. (廣西崇高電子科技有限責任公司), was our customer. The Operator is an independent third party and, to the best knowledge of our Directors after making reasonable enquires, independent to the Contractor and the Former Operator. The Operator is a limited liability company established in the PRC on 13 December 2021 by two individuals who also owned several IT companies in Guangxi, including Guangxi Chonggao Electronic Technology Co., Ltd., which is an IT company established in Guangxi in 2013 and was named as an executive council member (常務理事) of Guangxi Institute of Electronics (廣西電子學會). One of the owner of the Operator is also the vice president of Nanning Electronic Information Chamber of Commerce (南寧電子信息商會).

Under our agreement with the Operator, we would establish a project company, held by each of us and the Operator at an agreed proportion of ownership, designated for the development of the Business Park, and majority of the rights and responsibilities originally held by us, including the responsibilities under the Construction Agreement and the ownership of the land and the buildings to be constructed (or the holding company thereof), would be transferred to the project company (the "**Operation Arrangement**"). We consider that entering into, and developing the Business Park under, the Operation Arrangement are in general in the interest of our Group.

Our Directors confirm that we intend to continue our business focus on provision of integrated IT solutions services in the education and government IT solutions markets in Guangxi and consider that the investment in the Business Park will be in line with our business strategies, where we can leverage to strengthen our collaboration with other IT solutions services providers and expand our office to support our business expansion. Going forward, while we intend to benefit from our investment in Guangxi Qianyue by utilising part of the Business Park area to expand our office and receiving return of investment, we may also consider to sell, partially or wholly, our equity interest in Guangxi Qianyue to realise the capital appreciation, taking into accounts factors such as the prevailing market rate of the corresponding properties.

On the other hand, to the best knowledge of our Directors after reasonable enquiries, the Operator was interested in the development of the Business Park and entering into the Operation Arrangement as they were attracted by the growth potential of the education IT solutions market, especially the education informatisation.

In light of the Operation Arrangement, several agreements were entered into between the relevant parties and us. The following table sets out the key terms and arrangement under the Operation Arrangement, which were stipulated in the above agreements:

— *Business focus*. Guangxi Qianyue has undertaken that the business focus of the Business Park will be placed on the development of big data and cloud computing terminal equipment. Our Directors are of the view that such business focus is in line with the development of the IT industry in the PRC and Guangxi as well as our business operation.

— *Responsibility borne by us*. The rights and responsibilities originally held by us, including the responsibilities under the Construction Agreement and the ownership of the land and the buildings to be constructed, would be transferred to Guangxi Qianyue. However, we are required to move our registered address into the Business Park within six month after the completion of the construction.

— *Ownership of Guangxi Qianyue*. The Operator and Nanning Maiyue agreed to contribute RMB178.6 million and RMB39.3 million to Guangxi Qianyue, representing a registered capital of Guangxi Qianyue of RMB16.2 million and RMB3.8 million, respectively.

  In respect of the capital contribution amounts, the amount to be contributed by the Operator was determined based on total expected outstanding amount payable in relation to the development of the business park with reference to the estimated total expenditure of RMB220.0 million; minus (i) the amount of RMB41.3 million which we have paid; and (ii) costs payable of RMB0.1 million which cannot be transferred to Guangxi

Qianyue and will be paid by us. The amount to be contributed by Nanning Maiyue was determined with reference to the net book value of land and construction in progress to be transferred to Guangxi Qianyue of RMB96.2 million as at 31 December 2021, with the addition of RMB2.0 million based on the appraised value of RMB98.2 million; minus the payables for construction of the Business Park to be transferred to Guangxi Qianyue with book value of RMB58.9 million as at 31 December 2021.

The amount and portion of the registered capital was determined based on negotiation between the Operator and Nanning Maiyue, with reference to (i) the estimated total expenditure of RMB220.0 million; (ii) the amount of RMB41.3 million which we have paid and RMB0.1 million to be borne and payable by us; and (iii) the amount of RMB178.6 million to be borne by the Operator. Immediately after such capital contribution, Guangxi Qianyue was held as to 81% and 19% by the Operator and Nanning Maiyue, respectively.

— *Payment*. As illustrated above, the Operator and Nanning Maiyue agreed to contribute RMB178.6 million and RMB39.3 million to Guangxi Qianyue, respectively, among which the Operator was required to pay according to an agreed schedule taking into account the latest construction schedule, while the contribution by Nanning Maiyue will be completed by transferring the property right (or the holding company thereof) with the construction in progress and the relevant payables for the construction from Nanning Maiyue to Guangxi Qianyue.

As at the Latest Practicable Date, the Operator had injected RMB100.0 million to Guangxi Qianyue, which is in line with the latest payment schedule.

As at the Latest Practicable Date, the registration procedures for change of the property right certificate has been completed. After discussions with the relevant tax authority and an independent tax adviser for this matter and for tax planning purpose, we proceeded with a plan involving formation of a new company under our Group for holding the property right, and subsequent transfer of the ownership of the aforesaid holding company to Guangxi Qianyue.

Financial impact on our Group

Pursuant to the Operation Arrangement, responsibilities originally borne by us in relation to development of Business Park have been transferred to Guangxi Qianyue, and we do not have any further obligations to pay any costs in relation to the development of the Business Park, save for an immaterial amount of RMB0.1 million.

In view that (i) in accordance with the memorandum and articles of Guangxi Qianyue, relevant activities of the entity require consent with simple majority of shareholding; and (ii) we only own 19% of Guangxi Qianyue's equity interest, we cannot exercise significant influence over Guangxi Qianyue and will recognise the 19% of Guangxi Qianyue's equity interest as a financial asset. As a result, as at 30 April 2023, financial assets of RMB40.0 million was recognised, resulting in a gain of disposal of RMB0.7 million for the four months ended 30 April 2023.

In addition, there is also risk that the Business Park may not be developed as planned, or our business partners, including the Contractor and the Operator may not fulfil their obligations under their respective agreements with us, which may thus incur loss on our investment. See "Risk Factors — There is no assurance that the development of business park at our own property will be implemented as expected" for further details. In particular, in the event that the Operator does not fulfil its obligations under the Operation Arrangement, we will look for alternative business partners in relation to the development and operation of the Business Park. In the unlikely event that the Business Park cannot be further developed and operated, Guangxi Qianyue might need to be wound up and the potential maximum amount that we might need to write off would be our 19% equity interest in Guangxi Qianyue i.e. the book value of the financial assets which amounted to RMB40.0 million as at 30 April 2023. However, the write-off would only cause impact on our profit or loss but not our cash flow. In addition, in response to such risk, we have requested each of the two equity holders of the Operator to irrevocably undertake to us that, in the case the Operator cannot inject capital into Guangxi Qianyue according to the payment schedule as agreed, they will indemnify us against all responsibilities under the capital injection agreement and the construction and operation agreement, both entered into by, among others, the Operator.

LEGAL PROCEEDINGS AND NON-COMPLIANCE INCIDENT

As at the Latest Practicable Date, no member of our Group or our Directors was involved in any litigation, claim or administrative proceedings of material importance, and no litigation, claim or administrative proceedings of material importance is known to our Directors to be pending or threatened against any member of our Group or our Directors.

Non-compliance incident

We had been involved in a non-compliance incident during the Track Record Period, a summary of which is set out in the table below. Save as disclosed below, our PRC Legal Advisers advised that we had been in compliance with the applicable PRC laws and regulations relating to our business operations in all material respects during the Track Record Period.

Details of non-compliance incident	Reasons	Possible legal consequences and impact	Remedial actions and internal control measures
Non-compliance relating to social insurance and housing provident fund contributions in the PRC			
During the Track Record Period, we failed to register with the relevant government authorities within a prescribed period for social insurance fund, and make full contribution to the social insurance fund and housing provident fund and pay the contributions for certain employees, which did not fully comply with provisions of the Social Insurance Law of the PRC (中華人民共和國社會保險法) and the Regulations on the Administration of Housing Provident Fund of the PRC (住房公積金管理條例). We estimated that the outstanding social insurance fund and housing provident fund was RMB1.5 million, RMB3.9 million, RMB3.5 million and RMB1.3 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, respectively. During the Track Record Period, we also engaged third-party human resources agencies to pay social insurance premium for certain employees in the location where they work and such arrangements did not fully comply with provisions of the Social Insurance Law of the PRC.	The non-compliance incidents were mainly due to (i) insufficient understanding of the relevant PRC laws and regulations of our responsible handling staff; (ii) absence of professional advice for our staff at the material time; and (iii) absence of subsidiary or branch offices in the locations where the employees worked.	According to the relevant PRC laws and regulations, the social insurance authority may order us to pay the overdue fine equivalent to 0.05% of the outstanding amount within the specified time limit (calculated daily from the date on which the relevant social insurance contribution became payable). Where payment is not made within the specified time limit, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of arrears. We may also be required to pay off any shortfall of housing provident fund contributions by a stipulated deadline, and if we fail to do so, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed and the relevant authority relating to housing provident fund contributions may apply to court for compulsory execution.	Based on written confirmations from the relevant competent authorities as confirmed by our PRC Legal Advisers (the "**Relevant Authorities**"), (i) each of the relevant subsidiaries had never been subject to any administrative penalty due to non-compliances with the relevant laws and regulations concerning social insurance and labour rights, and housing provident funds during the Track Record Period; and (ii) each of the relevant subsidiaries had not received any orders or demands from the respective Relevant Authorities requesting them to pay the unpaid social insurance or housing provident fund contributions or any penalties. Interviews were conducted with the Relevant Authorities, during which it was confirmed that we had been complied with the relevant laws and regulations in relation to the contribution to the social insurance funds and housing provident fund since establishment of the relevant subsidiaries and up to the date of the interviews.

Details of non-compliance incident	Reasons	Possible legal consequences and impact	Remedial actions and internal control measures
			As at the Latest Practicable Date, we had not received any notice or demand to make payments for the social insurance and housing provident fund contributions. We were also not aware of any employee's complaints or demands for payment of social insurance or housing provident fund contributions. Our Directors undertake to use their best endeavours to ensure the compliance with the applicable laws and regulations concerning social insurance and labour rights and housing provident funds going forward. As at the Latest Practicable Date, we have completed registration with the relevant government authorities for social insurance fund. We will make full contribution to social insurance and housing provident fund for all of our employees prior to the Listing. Based on the above and the assumption that there are no material changes to the current policies, regulations and implementation and supervision requirements of the local government and in the absence of employee disputes, our PRC Legal Advisers are of the view that the possibility of the relevant government authorities imposing penalty on us is remote, and in the event that we are required to pay any social insurance or housing provident fund contributions, it will not have any material impact on our business operations. Our Directors believe that the foregoing non-compliance incident has not caused or will not cause any material and adverse financial or operational impact on us due to the following reasons: (a) our internal policy and guidelines will be revised to include (i) compliance on calculation and contribution of social insurance and housing provident fund matters; and (ii) our head of the administration and human resources department will review calculation of the relevant contributions, and keep proper records of any contributions paid;

Details of non-compliance incident	Reasons	Possible legal consequences and impact	Remedial actions and internal control measures
			(b) our Controlling Shareholders have irrevocably undertaken to us that, in the case the relevant social insurance authority and housing provident fund authority requested us to pay for such non-compliance, they will indemnify us against all losses, claims, penalties, fines, and expenses as a result of the existing or potential non-compliance; and (c) we will confirm with the relevant local government authorities for the basis of our contributions to the social insurance and housing provident funds annually going forward.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and effectiveness of quality and risk management system. To foster a culture of compliance, we have adopted, or expect to adopt before the Listing, a series of internal control policies, procedures and programs designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the followings:

- *Code of conduct*: Our code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behaviour. Our code of conduct also includes whistleblowing policies to encourage all employees to speak up against any sub-standard behaviour.

- *Anti-corruption*: Our anti-corruption policies provide the tools and resources necessary to enable, monitor and enforce full compliance with the anti-bribery and anti-corruption laws of China and other countries where we conduct our business operations. Our anti-corruption policies and measures include (i) distributing staff handbook to our staff which lists out various misconduct or fraudulent activities and the respective disciplinary actions, and the whistleblowing and complaint handling process through written submissions, telephone or email and the confidential obligation to the complainants; (ii) requiring our senior management, staff in sales and marketing department, procurement department and tendering team to sign the anti-corruption practice commitment to indicate that each of them is aware of and voluntarily abide by our anti-corruption requirements; and (iii) formulating a whistleblowing and complaint handling process and we will conduct investigations for any suspected cases of bribery, corruption or other related misconduct or fraudulent activities. In cases where misconduct is found, we may take disciplinary actions as appropriate, report to the relevant regulatory authorities and/or initiate legal actions to recover any losses suffered by us as a result of such misconduct.

- *Compliance with the Listing Rules and relevant laws and regulations*: Our various policies aim to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions and securities transactions by our senior management and Directors. We have appointed Quam Capital Limited as our compliance adviser upon Listing and will engage external legal advisers to advise us and provide trainings to our Directors and senior management on compliance with the Listing Rules and relevant laws and regulations.

- *Internal Audit*: Our Company will establish an internal audit function that regularly monitors key controls and procedures in order to assure our management and our Board that the internal control system is functioning as intended. The audit committee in our Board is responsible for supervising our internal audit function.

The ultimate goal of our risk management process is to identify and focus on the issues in our business operations that create impediments to our success. Our risk management process starts with identifying the major risks associated with our corporate strategy, goals and objectives. The key process points in our risk management include:

- *Identify*: We identify current and emerging risks in our business operations and categorise those risks into a reasonable profile based on timeframe, likelihood, intensity and impact severity. We establish four risk categories, including strategic risks, financial risks, operating risks and legal risks.

- *Assess*: We assess and prioritise risks so that the most important risks can be identified and dealt with. Based on both qualitative and quantitative analyses, we prioritise risks in terms of likelihood and impact severity.

- *Mitigate*: Based on our assessment of (i) the probability and impact severity of the risks; and (ii) cost and benefit of the mitigation plans, we choose the appropriate option for dealing with risks, including risk elimination by suspending the associated business activities, risk reduction by adopting appropriate control measures, risk transfer by outsourcing or purchasing insurance policies, and risk acceptance by choosing to accept risks of low priority.

- *Measure*: We measure our risk management by determining if changes have been implemented and if these changes are effective. In the event of any weakness in control, we follow up by adjusting our risk management measures and reporting material issues to our Directors.

In light of the above, our Directors are of the view that we have adequate and effective internal control and risk management procedures and policies in place to minimise the possibilities of future occurrence of the non-compliance incidents.

Data Security and Privacy

We have implemented measures to comply with relevant laws and regulations on data protection and privacy in our business operations.

Among the services and products provided by our Group, only services and products in relation to big data analytic may involve certain confidential information such as personal and behavioural data of the users. When we provide this kind of services or products, the data being collected and processed are stored in the local servers of our customers or their end users, i.e. the education institutions or government authorities. Such data is owned and managed by our customers or their end users, as we are only responsible for the provision of solution implementation and technical and maintenance services.

During the course of our operation, our project execution personnel may have authorised access by our customers to the servers of our customers or the end users while they perform their duties. Such authorised access is temporary and we need further approval for performing maintenance work of the server, and they are not allowed to share such information with any of our other employees or outside parties.

We require all our employees to comply with our internal policies and protect privacy and personal information, and we strictly prohibit unauthorised or improper collection or use of such data or personal information.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), Mr. Li, Mr. Wang, Ms. Deng, Mr. Zhang and Deep Blue Ocean will be our Controlling Shareholders collectively and beneficially interested in 61.2% of our issued share capital. See "History, Reorganisation and Corporate Structure" for further details of the shareholding structure among our Controlling Shareholders.

In this relation, Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang have agreed to act in concert to consolidate and maintain their control over our Company until they reach consensus to terminate the same in writing. In particular, Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang will, by consensus, act in concert at the board or shareholder's meetings of the Company as well as the shareholders meetings of Deep Blue Ocean. Accordingly, Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang will together be entitled to, through Deep Blue Ocean, exercise and control 61.2% of our entire issued share capital immediately upon Listing.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders and their respective close associates after Listing.

Management Independence

Our Board comprises five executive Directors and three independent non-executive Directors. See "Directors and Senior Management" for further details.

Our managerial decision makers are empowered to provide input into and have final approval of development of corporate strategy and performance objectives. Their managerial roles include, among others, independently reviewing, ratifying and monitoring systems of risk management, internal control and legal compliance. Our Directors and senior management are familiar with the fundamentals of our Company's business, its operations and informed about our Company's activities.

Our Group has established (i) an audit committee; (ii) a remuneration committee; and (iii) a nomination committee. Each committee includes independent non-executive Directors so as to monitor the operations of our Group. Further, we believe that our independent non-executive Directors will be able to exercise their independent judgement and will be able to provide impartial opinion and professional advice in the decision-making process of our Board to protect the interests of our Shareholders.

Each Director understands that, he/she owes primary duties to our Company and is aware of his/her fiduciary duties as a Director which requires, among others, that he/she must act for the benefit of and in the best interests of our Company and shall avoid any conflict between his/her personal interests and those of our Company. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) and their respective close associate(s) 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.

Since all of our executive Directors have substantial experience in their respective expertise areas and/or in the industry in which our Group is engaged, we believe that they will be able to make business decisions that are in the best interest of our Group. In addition, the business of our Group has been operated under substantially the same management throughout the Track Record Period and up to the Latest Practicable Date.

Further, our Board acts collectively by majority decisions in accordance with the Articles of Association and applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board. Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have full rights to make all decisions regarding, and carry out, our own business operations independently. We have established our own organisational structure, and each department is assigned to specific areas of responsibilities. We are also in possession of all necessary relevant licences, approvals and certificates to carry on our business and we have sufficient operational capacity in term of capital and employees to operate and manage independently. We do not rely on our Controlling Shareholders or their respective close associates for our operations. We have independent access to suppliers and an independent management team (including our directors and senior management) to handle our daily operations. We have our own headcount of employees for our operations and management for human resources. We have also established a set of internal control procedures to facilitate and maintain the independent operation of our business. As at the Latest Practicable Date, our Group did not share any operational resources, such as sales and marketing and general administration resources with our Controlling Shareholders and their respective close associates.

Based on the above, our Directors are satisfied that there is no operational dependence by us on our Controlling Shareholders and our Group is able to operate independently from our Controlling Shareholders after the Listing.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Group. The finance department is independent from our Controlling Shareholders. We make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardised financial and accounting system and a complete financial management system.

Our Directors confirmed that the non-trade related amounts due to or from our Controlling Shareholders, or companies controlled by him/her/it will be fully settled before Listing. The bank and other loans guaranteed by the Controlling Shareholders and their close associates will be released or fully repaid before the Listing. As none of loans, guarantees or pledge provided by, or granted to, our Controlling Shareholders will continue after Listing, we will not rely on our Controlling Shareholders for financing after the Global Offering and we will have sufficient working capital to operate our business independently.

RULE 8.10 OF THE LISTING RULES

None of our Controlling Shareholders and our Directors has any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

LOCK-UP UNDERTAKING BY OUR CONTROLLING SHAREHOLDERS

Pursuant to Rule 10.07(1) of the Listing Rules

Each of our Controlling Shareholders has undertaken to our Company and the Stock Exchange that, as a controlling shareholder, he/she or it shall not, at any time during the (i) first six-month period commencing on the Listing Date (the "**First Six-month Period**"), which is required under the Listing Rules, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which, he, she or it is shown in this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the "**Relevant Securities**"); and (ii) the six-month period commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), which is required under the Listing Rules, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be a controlling shareholder of our Company and/or a group of controlling shareholders of our Company.

DEED OF NON-COMPETITION

For the purpose of the Listing, our Controlling Shareholders have entered into the Deed of Non-competition, pursuant to which each of our Controlling Shareholders has irrevocably undertaken to our Company (for itself and on behalf of each other member of our Group) that he/she/it would not, and would procure that his/her/its close associates (except any members of our Group) not to, during the restricted period set out below, directly or indirectly, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any Restricted Business (whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person).

The "Restricted Business" stated in the Deed of Non-competition refers to any activity or business which competes, or is likely to compete, either directly or indirectly, with the existing business activities of our Group as set out in "Business".

Each of our Controlling Shareholders has also undertaken to our Company to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition and each of them has further undertaken to our Company (for itself and for the benefit of each other member of our Group) that in the event that he/she/it or his/her/its close associate(s) (other than any member of our Group) (the "**Offeror**") is given/identified/offered any business investment or commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Business (the "**New Opportunity**"), he/she/it will and will procure his/her/it close associates to refer the New Opportunity to our Company as soon as practicable in the following manner:

(i) each of our Controlling Shareholders is required to, and shall procure his/her/its close associates (other than any member of our Group) to, refer, or to procure the referral of, the New Opportunities to our Company, and shall give written notice (the "**Offer Notice**") to our Company of any New Opportunity containing all information reasonably necessary for our Company to consider whether (a) such New Opportunity would constitute competition with our Group's core business or the Restricted Business; and (b) it is in the interest of our Group to pursue such New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs; and

(ii) upon receiving the Offer Notice, our Company shall seek approval from a board committee (comprising, among others, all our independent non-executive Directors who do not have interest (actual or potential, direct or indirect) in the New Opportunity) (the "**Independent Board**") as to whether to pursue or decline the New Opportunity. Any Director who has actual or potential interest in the New Opportunity shall not be a member of the Independent Board and shall abstain from attending (unless his/her attendance is specifically requested by the Independent Board) and voting at, or counting towards the quorum for, any meeting or part of a meeting convened to consider such New Opportunity;

(a) the Independent Board shall take into account all relevant factors in considering whether the Company shall pursue the New Opportunity, including, among others, the financial impact of pursuing the New Opportunity, whether the nature of the New Opportunity is consistent with our Group's strategies and development plans and the general market conditions; if appropriate, the Independent Board may, at the cost of our Company, appoint independent financial advisers, legal advisers and other professional experts to assist in the decision-making process in relation to such New Opportunity;

(b) the Independent Board shall, within 20 business days upon receipt of the Offer Notice, inform the relevant Controlling Shareholder in writing on behalf of our Company of its decision whether to pursue or decline the New Opportunity. Such notice period can be extended if mutually agreed in writing;

(c) the relevant Controlling Shareholder and/or his/her/its close associate(s) shall be entitled but not obliged to pursue such New Opportunity if he/she or it has received a notice from the Independent Board declining such New Opportunity or if the Independent Board has failed to respond within such 20 business days period (or any extended period, where applicable) pursuant to sub-paragraph (ii)(b) above; and

(d) if there is any material change in the nature, terms or conditions of such New Opportunity pursued by the relevant Controlling Shareholder, he/she or it shall refer such New Opportunity as so revised to our Company in the manner as outlined in the Deed of Non-competition as if it were as New Opportunity.

The aforesaid undertakings do not apply to the holding of or interests in shares or other securities by our Controlling Shareholders and/or their respective close associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a stock exchange and either:

(i) the Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or

(ii) the total number of the shares held by the relevant Controlling Shareholder and his/her/its close associates does not exceed 10% of the issued shares of that class of that company, provided that such Controlling Shareholder and his/her/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of directors of that company and at any time there should exist at least another shareholder of that company (together, where appropriate with his/her/its close associates) whose shareholding in that company should be more than the aggregate number of shares held by such Controlling Shareholder and his/her/its close associates.

The "restricted period" stated in the Deed of Non-competition refers to the period during which (i) our Shares remain listed on the Stock Exchange; (ii) so far as each Controlling Shareholder is concerned, he/she/it or his/her/its close associates hold an equity interest in our Company; and (iii) so far as each Controlling Shareholder is concerned, he/her/it and/or his/her/its close associates are jointly or severally entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company. In other words, if our Company is no longer listed on the Stock Exchange or the relevant Controlling Shareholder and/or his/her/its close associates come to hold less than 30% of our Shares then issued, or cease to be entitled to control jointly and severally, in aggregate, 30% or more of the voting power at general meetings of our Company, the Deed of Non-competition will cease to apply to that relevant Controlling Shareholder.

CORPORATE GOVERNANCE MEASURES

In order to manage any potential conflict of interests arising from the possible competing business between our Group and our Controlling Shareholders and to safeguard the interests of our independent Shareholders, we have adopted the following measures:

(i) our Board will ensure that any material conflict or potential conflict of interests involving our Controlling Shareholders will be reported to our independent non-executive Directors as soon as practicable. A Director shall absent himself/herself from participation in the board meeting (nor shall he/she be counted in the quorum) and voting on any resolutions of our Board approving any contract, arrangement or other proposal in which he/she or any of his/her associates is materially interested;

(ii) each Director is aware of his/her fiduciary duties as a Director, which require, among other things, him/her to act for the benefit of our Company and the Shareholders as a whole and not to allow any conflict of interests between his/her duties as a Director and his/her personal interests;

(iii) we have appointed Quam Capital Limited as our compliance adviser upon Listing, which will provide advice and guidance to us with respect to compliance with the applicable laws and regulations, in particular the Listing Rules;

(iv) in addition to the Compliance Adviser's role and responsibilities after the Listing to provide advice to our Company on the continuing obligations under the Listing Rules and applicable laws and regulations, our Company will retain a Hong Kong legal adviser to advise us on the compliance with the Listing Rules and other applicable Hong Kong laws and regulations relating to securities after the Listing;

(v) our independent non-executive Directors will review, at least on an annual basis, compliance with the Deed of Non-competition by our Controlling Shareholders; each of our Controlling Shareholders has undertaken to provide all information necessary for the annual review by our independent non-executive Directors in relation to the compliance of the terms of the Deed of Non-competition and the enforcement of undertakings under the Deed of Non-competition; and

(vi) pursuant to the CG Code, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs.

Our Company expects to comply with the CG Code which sets out the principles of good corporate governance in aspects such as directors' responsibilities and their appointment, re-selection and removal, board composition, remuneration of directors and senior management, accountability and audit, and communication with shareholders. Our Company will state in our interim and annual reports whether we have complied with such code provisions, and will provide details of, and reasons for, any deviation from it in the corporate governance reports attached to our annual reports.

In the event that our Company decides not to proceed with any project or pursue any business opportunity and that our Controlling Shareholders decide to proceed with such a project or pursue such a business opportunity, we will announce such decision by way of an announcement setting out the basis for us not taking up the project or pursuing the business opportunity.

Our Directors consider that the above corporate governance measures are adequate and effective to manage any potential conflict of interests between our Group and our Controlling Shareholders and to protect the interests of our Shareholders.

BOARD OF DIRECTORS

Our Board of Directors consists of five executive Directors, and three independent non-executive Directors. The table below sets forth certain information in respect of the members of our Board of Directors:

Name	Age	Date of joining our Group	Date of appointment as Director	Position	Principal Responsibilities	Relationship with other Directors and/or senior management
Executive Directors						
Mr. Li Changqing (李常青)	45	August 2003	21 March 2019	Executive Director, chief executive officer and Chairman	Formulating corporate strategy, planning, business development, supervising the overall operations of our Group, and overseeing daily business operations of our Group, serving as the chairman of our nomination committee	N/A
Mr. Wang Yufei (王宇飛)	43	June 2008	15 October 2020	Executive Director and deputy general manager	Overseeing daily business operations and administration activities of our Group	N/A
Mr. Hui Chi Chung Nevin (許智聰)	48	October 2020	15 October 2020	Executive Director	Assisting the Chairman and vice-chairman in developing and implementing corporate strategies of our Group and overseeing the investor relations of our Group	N/A
Ms. Deng Caidie (鄧彩蝶)	42	June 2011	15 October 2020	Executive Director and deputy general manager	Overseeing daily business operations and administration activities of our Group	N/A

Name	Age	Date of joining our Group	Date of appointment as Director	Position	Principal Responsibilities	Relationship with other Directors and/or senior management
Mr. Zhang Guangbai (張光柏)	40	July 2006	15 October 2020	Executive Director and director of technology	Responsible for overseeing the project management department and the information technology functions of our Group	N/A
Independent non-executive Directors						
Mr. Hou Chang (侯昶)	37	18 September 2023	18 September 2023	Independent non-executive Director	Providing independent advice to our Board, serving as a member of our audit committee, nomination committee and remuneration committee	N/A
Mr. Hu Zhongqiang (胡忠強)	48	18 September 2023	18 September 2023	Independent non-executive Director	Providing independent advice to our Board, serving as the chairman of our remuneration committee and a member of our audit committee and nomination committee	N/A
Mr. Lin Peigan (林培干)	52	18 September 2023	18 September 2023	Independent non-executive Director	Providing independent advice to our Board, serving as the chairman of our audit committee and a member of our remuneration committee	N/A

Executive Directors

Mr. Li Changqing (李常青)

Mr. Li Changqing (李常青), aged 45, is our executive Director, chief executive officer and Chairman. He joined our Group in August 2003 and was appointed as our Director on 21 March 2019 and redesignated as our executive Director on 20 April 2021. Mr. Li is primarily responsible for formulating corporate strategy, planning, business development, supervising the overall operations of our Group, and overseeing daily business operations of our Group. Mr. Li also serves as the chairman of our nomination committee. Mr. Li is also the director and legal representative of Nanning Maiyue, supervisor of Guangxi Yuchang, executive director and manager of Guangxi Silunjie, executive director and legal representative of Guangxi Huahe, and director of Hanyu Information, Hong Kong Chenyang and Wanjia Hongxin.

Mr. Li has over 20 years of experience in the IT industry, with over 17 years of experience with our Group. Prior to joining our Group, Mr. Li worked at Guangxi Anyi Accounting Software Co., Ltd. (廣西安易會計軟件有限公司), a company principally engaged in provision of office automation software and consultancy services on technology related to accounting and enterprise management, in 1999. Mr. Li then worked at the Guangxi office of Panyang Neusoft Holdings Ltd. (瀋陽東軟軟件股份有限公司) (currently known as Neusoft Corporation (東軟集團股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600718) and a prominent technology solutions service provider in the PRC.

Mr. Li obtained a bachelor degree in law from University of International Business and Economics (對外經濟貿易大學) in February 2005 through long distance learning course. In August 2021, Mr. Li was appointed as a member of the Fourth Nanning City Liangqing District Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第四屆南寧市良慶區委員會委員).

Mr. Li was the legal representative of the following company which was established in the PRC and subsequently deregistered during his tenure:

Name of company	Position	Nature of business	Date of deregistration	Reasons of deregistration
Nanning City Tiankong Software Co., Ltd. (南寧市天空軟件有限公司)	Legal representative	Provision of software and IT services	21 September 2011	Cessation of business

As confirmed by Mr. Li, the above company was solvent at the time of its deregistration and as far as he was aware, the deregistration of such company has not resulted in any liability or obligation imposed against him.

Mr. Wang Yufei (王宇飛)

Mr. Wang Yufei (王宇飛), aged 43, is our executive Director and deputy general manager. He joined our Group in June 2008 as a deputy general manager with primary responsibility on sales and marketing, daily business operations and administration activities. and was appointed as our Director on 15 October 2020 and redesignated as our executive Director on 20 April 2021. Mr. Wang is primarily responsible for overseeing daily business operations and administration activities of our Group. Mr. Wang is also the supervisor of Nanning Maiyue, an executive director of Guangxi Yuchang, the supervisor of Guangxi Silunjie, and a director of Shuguang Maiyue and Fangchenggang City Investment Digital.

Mr. Wang has over 15 years of experience in sales and corporate management in the IT industry, with over 14 years of experience with our Group. Prior to joining our Group, Mr. Wang worked at Nanning Yinggui Communication Electronics Co., Ltd. (南寧市盈桂通訊電器有限公司), a company principally engaged in sales of electronical appliances and education related electronic products, from 2003 to 2004.

Mr. Wang completed his studies at a vocational education institution in 1999.

Mr. Hui Chi Chung Nevin (許智聰)

Mr. Hui Chi Chung Nevin (許智聰), aged 48, is our executive Director. He joined our Group on 15 October 2020 and was appointed as our Director on the same day and redesignated as our executive Director on 20 April 2021. Mr. Hui is primarily responsible for assisting the Chairman and vice-chairman in developing and implementing corporate strategies of our Group and overseeing the investor relations of our Group. With his years of experience in corporate management and his academic qualifications as mentioned below, it is expected that Mr. Hui will be able to provide insights in relation to corporate management and business administration as well as investor relations after the Listing. Mr. Hui is also a director of Shuguang Maiyue.

Mr. Hui has approximately ten years of experience in corporate management. Prior to joining our Group, since April 2011, Mr. Hui serves as a director of Pacific Bulk (Western China) Holdings Limited, an investment holding company. Since 2014 and 2015, Mr. Hui also serves as a director at both Quadrolink Finance Limited, an investment holding company, and BDH Quadrolink International Holdings Limited, a company that is principally engaged in logistics, respectively. Since 2018, Mr. Hui has been a director of Pearl Bridge Securities Limited, a securities firm, and Pearl Bridge Asset Management Limited, a company that is principally engaged in asset management.

Mr. Hui obtained his bachelor degree in commerce from McGill University in 1997. He also obtained a Master of Business Administration from California State University in 1999.

Mr. Hui was the director of the following companies which were incorporated in Hong Kong and subsequently deregistered during his tenure:

Name of company	Position	Nature of business	Date of deregistration	Reasons of deregistration
Chengde Asia Minerals Group Limited (誠德亞洲礦業集團有限公司)	Director	Provision of mineral business	17 October 2014	Cessation of business
Chengde Global Minerals Group Limited (誠德環球礦業集團有限公司)	Director	Provision of mineral business	21 November 2014	Cessation of business
Chung Hwa International Technology Limited (中華國際科技有限公司)	Director	Investment company	28 January 2022	Cessation of business
FUKUZAWA Machinery Company Limited (福澤液壓機械有限公司)	Director	Provision of machinery business	16 May 2008	Cessation of business
FX Global Limited	Director	Investment company	30 September 2022	Cessation of business
PBP Holdings Company Limited	Director	Investment company	19 February 2021	Cessation of business
Pentagon Corporate Services Limited (五方企業服務有限公司)	Director	Provision of corporate services	16 November 2012	Cessation of business
Quadrolink Asset Management Limited (匯成資產管理有限公司)	Director	Provision of asset management services	26 October 2018	Cessation of business
Quadrolink Capital Holdings Limited (匯成資本控股有限公司)	Director	Investment company	26 October 2018	Cessation of business
BDH Quadrolink International Holdings Limited	Director	Logistics company	19 May 2023	Cessation of business

As confirmed by Mr. Hui, the above companies were solvent at the time of their deregistration and as far as he was aware, the deregistration of such companies has not resulted in any liability or obligation imposed against him.

Ms. Deng Caidie (鄧彩蝶)

Ms. Deng Caidie (鄧彩蝶), aged 42, is our executive Director and deputy general manager. She joined our Group in June 2011 as a deputy general manager with primary responsibility on daily business operations and administration activities and was appointed as our Director on 15 October 2020 and redesignated as our executive Director on 20 April 2021. Ms. Deng is primarily responsible for overseeing daily business operations and administration activities of our Group. Ms. Deng is also the supervisor of Guangxi Huahe, the director and general manager of Shuguang Maiyue, and the director of Fangchenggang City Investment Digital.

Ms. Deng has over 15 years of experience in the IT industry, with over ten years of experience with our Group. Prior to joining our Group, Ms. Deng worked at Nanning City Luoze Technology Co., Ltd. (南寧市洛澤科技有限公司), a company principally engaged in the provision of information technology consultancy services, from 2002 to 2007. From 2009 to 2010, Ms. Deng worked at Guangxi Zhongze Technology Industry & Trade Co., Ltd. (廣西中澤科工貿有限公司), a company principally engaged in the sales of hardware.

Ms. Deng graduated with a degree in law from Guangxi University for Nationalities (廣西民族大學) by way of correspondence education in January 2008.

Mr. Zhang Guangbai (張光柏)

Mr. Zhang Guangbai (張光柏), aged 40, is our executive Director and director of technology. He joined our Group in July 2006 and was appointed as our Director on 15 October 2020 and redesignated as our executive Director on 20 April 2021. Mr. Zhang is primarily responsible for overseeing the project management department and the information technology functions of our Group. Mr. Zhang is also the supervisor of Shuguang Maiyue and the director and general manager of Fangchenggang City Investment Digital.

Mr. Zhang has over ten years of experience in the IT industry working with our Group. Mr. Zhang joined Nanning Maiyue as a technician in 2006 and was promoted to the manager of the technology department in 2009. From 2013, Mr. Zhang serves as the director of technology of Nanning Maiyue.

Mr. Zhang completed his studies in e-commerce at Guangxi Agricultural Vocational-Technical College (廣西農業職業技術學院) in July 2006.

Independent non-executive Directors

Mr. Hou Chang (侯昶)

Mr. Hou Chang (侯昶), aged 37, was appointed as an independent non-executive Director with effect upon Listing. Mr. Hou is responsible for providing independent advice to our Board. Mr. Hou also serves as a member of our audit committee, nomination committee and remuneration committee.

Mr. Hou has over ten years of experience in legal compliance and corporate management in Guangxi. Mr. Hou was the head of legal compliance department in Sealand Securities Co. Ltd. (國海證券股份有限公司), a securities company based in Guangxi, shares of which are listed on the Shenzhen Stock Exchange (stock code: 000750), from 2010 to 2018. Since 2018, Mr. Hou has served at Fuzhou Baowei Private Equity Fund Management Company Limited (福州豹蔚私募基金管理有限公司) (previously known as Guangxi Baowei Asset Management Limited (廣西豹蔚資產管理有限公司)), a private equity fund management company, as an executive director and the general manager.

In June 2007, Mr. Hou graduated with a bachelor degree in law from Guangxi University (廣西大學). In June 2010, Mr. Hou graduated with a master degree in civil and commercial law from Guangxi University.

Mr. Hu Zhongqiang (胡忠強)

Mr. Hu Zhongqiang (胡忠強), aged 48, was appointed as an independent non-executive Director with effect upon Listing. Mr. Hu is responsible for providing independent advice to our Board. Mr. Hu also serves as the chairman of our remuneration committee and a member of our audit committee and nomination committee.

Mr. Hu has over 15 years of experience in corporate management, with experience in managing various companies across different sectors in Guangxi. In 2006 and 2007, Mr. Hu founded and became an executive director of Guangxi Jiuxi City Real Estate Co., Ltd. (廣西九系城市置業有限公司), a property development company in Guangxi, and Guangxi Chuneng Electric Power Materials Co., Ltd. (廣西礎能電力物資有限公司), an electrical machinery company in Guangxi, respectively. In 2014, Mr. Hu founded Guangxi Geyan Rehabilitation Medical Stock Investment Co., Ltd. (廣西格琰康復醫療股份投資有限公司), a company principally engaged in investment and operation of rehabilitation centres, and became the chairman of its board. In 2020, Mr. Hu founded Guangxi Weijun Somnology Clinic Co., Ltd. (廣西衛君睡眠醫學

診所有限公司), a company principally engaged in provision of medical services, and became its executive director. Mr. Hu also served as an external tutor for the Business School of Guangxi University.

Mr. Hu graduated with a master degree in business administration from Guangxi University (廣西大學) in July 2012.

Mr. Hu was the director and/or general manager of the following company which was established in the PRC and subsequently deregistered during his tenure:

Name of company	Position	Nature of business	Date of deregistration	Reasons of deregistration
Guangxi Jiazan Investment Company Limited (廣西加贊投資有限公司).	Executive director and general manager	Trading	22 April 2021	Cessation of business
Guangxi Jiuxi City Real Estate Co., Ltd. (廣西九系城市置業有限公司)	General manager	Investment company	26 October 2021	Cessation of business

As confirmed by Mr. Hu, the above companies were solvent at the time of their deregistration and as far as he was aware, the deregistration of such companies has not resulted in any liability or obligation imposed against him.

Mr. Lin Peigan (林培干)

Mr. Lin Peigan (林培干), aged 52, was appointed as an independent non-executive Director with effect upon Listing. Mr. Lin is responsible for providing independent advice to our Board. Mr. Lin also serves as the chairman of our audit committee and a member of our remuneration committee.

Mr. Lin has over 15 years of experience in accounting and corporate management in Guangxi. From 2007 to 2019, Mr. Lin served for various positions under Guangxi Beibu Gulf Investment Group (廣西北部灣投資集團). Since 2019, Mr. Lin has been the executive director, the general manager and the accountant in chief of Guangxi Kegui Certified Public Accountants Co., Ltd. (廣西科桂會計師事務所有限公司).

Mr. Lin graduated with a bachelor degree of business and administration from Guangxi University in October 2012. Mr. Lin is a member of Chinese Institute of Certified Public Accountants.

Mr. Lin was the legal representative of the following company which was established in the PRC and subsequently deregistered during his tenure:

Name of company	Position	Nature of business	Date of deregistration	Reasons of deregistration
Guangxi Nanning Bohao Enterprise Management Consulting Co., Ltd. (廣西南寧博浩企業管理諮詢有限公司)	Legal representative	Provision of corporate services	18 July 2016	Cessation of business

As confirmed by Mr. Lin, the above company was solvent at the time of its deregistration and as far as he was aware, the deregistration of such company has not resulted in any liability or obligation imposed against him.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management, Controlling Shareholders or substantial Shareholders of our Company as at the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in "Substantial Shareholders" and "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix IV to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, to the best of the knowledge of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of members of the senior management of our Company.

Name	Age	Date of joining our Group	Position	Roles and Responsibilities	Relationship with other Directors and senior management
Mr. Li Linfu (李林甫)	37	August 2012	Director of sales	Overseeing our sales and marketing department	N/A
Ms. Dai Tianqiao (戴恬俏)	30	April 2021	Chief financial officer	Responsible for our corporate financial planning and management	N/A
Ms. Liu Man (劉曼).	40	September 2011	Finance manager	Responsible for our financial management	N/A
Mr. Lu Yanke (盧研科)	38	May 2016	Marketing manager	Responsible for the marketing of software products	N/A

Our executive Directors, Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang, are also our senior management. See "— Executive Directors" above for their details.

Mr. Li Linfu (李林甫)

Mr. Li Linfu (李林甫), aged 37, is our director of sales. Mr. Li Linfu is primarily responsible for overseeing our sales and marketing department.

Mr. Li Linfu has over ten years of experience in sales and marketing. Prior to joining our Group, Mr. Li Linfu worked as the sales manager in two different PRC retailing companies for over three years. In 2012, he joined Nanning Maiyue as a sales manager and was promoted to sales director in 2020.

Mr. Li Linfu graduated from Zhejiang Gongshang University (浙江工商大學) in marketing in June 2010.

Ms. Dai Tianqiao (戴恬俏)

Ms. Dai Tianqiao (戴恬俏), aged 30, is our chief financial officer. She joined our Group in April 2021. Ms. Dai is primarily responsible for our corporate financial planning and management.

Ms. Dai has over five years of experience in auditing. Prior to joining our Group, Ms. Dai worked in PricewaterhouseCoopers Limited from September 2016 to April 2021, with her last position as a senior associate in the assurance practice department.

Ms. Dai graduated with a bachelor degree in business administration from the Hong Kong Baptist University in November 2015. Ms. Dai has been a certified public accountant of Hong Kong Institutes of Certified Public Accountants since January 2020.

Ms. Liu Man (劉曼)

Ms. Liu Man (劉曼), aged 40, is our finance manager. Ms. Liu is primarily responsible for our financial management.

Ms. Liu has over ten years of experience in financial management. Prior to joining our Group, Ms. Liu worked as a sales assistant and an accounting assistant for two different PRC companies for over four years. In 2011, Ms. Liu joined Nanning Maiyue as a treasury and was then promoted to an accountant in 2013. Since 2016, Ms. Liu serves as a finance manager at Nanning Maiyue.

Ms. Liu graduated with a bachelor degree in packaging and material engineering at Hunan University of Technology (湖南工業大學) in June 2005.

Mr. Lu Yanke (盧研科)

Mr. Lu Yanke (盧研科), aged 38, is our marketing manager. Mr. Lu is primarily responsible for the marketing of software products.

Mr. Lu has over 15 years of experience in sales and marketing. Prior to joining our Group, Mr. Lu worked as the sales and marketing manager in three different PRC companies for over ten years. In 2016, Mr. Lu joined Nanning Maiyue as a business manager and was promoted to a software pre-sales manager in 2017. Since 2019, Mr. Lu was further promoted to a marketing manager.

Mr. Lu completed his studies in software technology and development at Nanning College for Vocational Technology (南寧職業技術學院) in June 2006. Mr. Lu also completed his studies in applied psychology at Guangxi Teachers Education College (南寧師範學院) in June 2011.

JOINT COMPANY SECRETARIES

Ms. Dai Tianqiao (戴恬俏)

Ms. Dai Tianqiao (戴恬俏), aged 29, was appointed as the joint company secretary of our Company on 26 April 2022 with effect upon Listing. Ms. Dai is primarily responsible for overall corporate governance.

Ms. Dai is also our chief financial officer. She is a certified public accountant of Hong Kong Institutes of Certified Public Accountants. See "— Senior Management" above for details of her experience and academic background.

Ms. Li Hoi Mei (李海薇)

Ms. Li Hoi Mei (李海薇), aged 34, was appointed as the joint company secretary of our Company on 18 September 2023 with effect upon Listing. Ms. Li is primarily responsible for performing company secretarial matters.

Ms. Li has more than 12 years of experience in the fields of corporate governance and compliance, corporate finance and investor relations. Ms. Li has been an associate member of The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute since November 2020.

Ms. Li graduated with a bachelor of social sciences in communication (journalism) degree from Hong Kong Baptist University in November 2011, and has been awarded the postgraduate diploma in finance and law from The University of Hong Kong School of Professional and Continuing Education in March 2018. Ms. Li has also been awarded the degree of master of corporate governance by The Hong Kong Polytechnic University in September 2020.

BOARD COMMITTEES

Audit Committee

Our Company has established an audit committee on 18 September 2023 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee include making recommendations to our Board on the appointment and removal of external auditors, reviewing the financial statements and render advice in respect of financial reporting, as well as overseeing the internal control procedures of our Group. The audit committee consists of three members, Mr. Lin Peigan, Mr. Hou Chang and Mr. Hu Zhongqiang. Mr. Lin Peigan is the chairman of the audit committee.

Remuneration Committee

Our Company has established a remuneration committee on 18 September 2023 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee include making recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration. The remuneration committee consists of three members, namely Mr. Hu Zhongqiang, Mr. Hou Chang and Mr. Lin Peigan. Mr. Hu Zhongqiang is the chairman of the remuneration committee.

Nomination Committee

Our Company has established a nomination committee on 18 September 2023 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee include making recommendations to our Board on the appointment of Directors and the management of our Board succession. The nomination committee consists of three members, namely Mr. Li, Mr. Hou Chang and Mr. Hu Zhongqiang. Mr. Li is the chairman of the nomination committee.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategies and planning, human resources, administration and training, business development, sales, accounting and corporate finance, administrative and legal compliance. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. In terms of gender diversity, the executive Directors include a female, namely Ms. Deng who has over 15 years of experience in the IT industry. On such premise, our Board is well balanced and diversified in alignment with the business development and strategy of our Group. Taking into account our existing business model and specific needs as well as the different background of our directors, the composition of our Board satisfies our board diversity policy.

Our nomination committee is responsible for ensuring the diversity of our Board members. After the Listing, our nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

CORPORATE GOVERNANCE

Our corporate governance practices are based on principles and code provisions as set out in the CG Code. We have established procedures for developing and maintaining internal control systems covering areas such as corporate governance, operations management, compliance matters, financial reporting (as appropriate) for our business operations.

Except for the deviation from provision C.2.1 of the CG Code, we will comply with the CG Code and the associated Listing Rules. Our Directors will review our corporate governance policies and compliance with the CG Code each financial year and comply with "comply or explain" principle in our corporate governance report, which will be included in our annual reports subsequent to the Listing.

Provision C.2.1 of the CG Code stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Li is the chairman and the chief executive officer of our Company. Since Mr. Li has been operating and managing Nanning Maiyue, Guangxi Yuchang, and Guangxi Silunjie, the main operating subsidiaries of our Company since its incorporation and due to his familiarity with the operations of our Group, our Board is of the view that it is in the best interest of our Group to have Mr. Li taking up both roles for effective management and business development of our Group following the Listing and Mr. Li will provide a strong and consistent leadership to our Group. This arrangement ensures a more effective and efficient overall strategic planning of our Group as this structure enables our Company to make and implement decisions promptly and effectively. Further, our Company has put in place an appropriate check-and-balance mechanism through our Board and these independent non-executive Directors. The independent non-executive Directors are able to retain independence of character and judgement and are able to express their views without any constraint. In addition, our Board also consists of other executive Directors, who are familiarised with the day-to-day business of our Company. Our Company will consult the Board for any major decisions. Therefore, our Board considers that the balance of power and authority of the present arrangement with our Board and the independent non-executive Directors will not be impaired because such arrangement would not result in excessive concentration of power in one individual which could adversely affect the interest of minority Shareholders. As such, the deviation from provision C.2.1 of the CG Code is appropriate in such circumstance. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Directors and senior management's remuneration

Our Directors and senior management receive compensation in the form of salaries, housing and other benefits in kind and/or discretionary bonuses. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services or executing their functions in relation to our Group's operations. Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management.

The remuneration payable by our Group to our Directors for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, included salaries, allowances and other benefits in kind, and retirement scheme contributions, were RMB0.7 million, RMB1.1 million, RMB1.4 million and RMB0.5 million, respectively. The aggregate remuneration (comprising salaries and other emoluments, and retirement scheme contributions) paid to our five highest paid individuals for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023 were RMB1.3 million, RMB1.4 million, RMB1.5 million and RMB0.4 million, respectively. See Notes 8 and 9 in the Accountants' Report in Appendix I to this prospectus for further details.

During the Track Record Period, we did not pay remuneration to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or is receivable by, our Directors or past Directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

Save as disclosed above, no other payments have been made or are payable by our Company or any of our subsidiaries to our Directors in respect of the services rendered during the Track Record Period.

COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, we have appointed Quam Capital Limited as our compliance adviser. Pursuant to Rule 3A.23 of the Listing Rules, we will consult with and seek advice from the compliance adviser on a timely basis in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction under Chapter 14 or 14A of the Listing Rules, is contemplated including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme pursuant to which selected participants may be granted options to subscribe for Shares as incentives or rewards for their service rendered to our Group. Our Directors believe that the implementation of the Share Option Scheme enables our Group to recruit and retain high calibre executives and employees. See "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus.

SHARE CAPITAL OF OUR COMPANY

The following table illustrates the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following completion of the Capitalisation Issue and the Global Offering (without taking into account any Share which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme):

		HK$
Authorised share capital:		
1,000,000,000	Shares of par value of HK$0.01 each	10,000,000
Issued and to be issued, fully paid or credited as fully paid:		
10,000	Shares in issue at the date of this prospectus	100
374,990,000	Shares to be issued pursuant to the Capitalisation Issue	3,749,900
125,000,000	Shares to be issued pursuant to the Global Offering	1,250,000
500,000,000	Shares in total	5,000,000

The following table illustrates the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is exercised in full and without taking in account any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme):

		HK$
Authorised share capital:		
1,000,000,000	Shares of par value of HK$0.01 each	10,000,000
Issued and to be issued, fully paid or credited as fully paid:		
10,000	Shares in issue at the date of this prospectus	100
374,990,000	Shares to be issued pursuant to the Capitalisation Issue	3,749,900
125,000,000	Shares to be issued pursuant to the Global Offering	1,250,000
18,750,000	Shares to be issued upon exercise of the Over-allotment Option in full	187,500
518,750,000	Shares in total	5,187,500

MINIMUM PUBLIC FLOAT

Pursuant to Rules 8.08 of the Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

RANKING

The Offer Shares will rank equally with all Shares now in issue or to be allotted and issued and will qualify for all dividend or other distributions declared, made or paid after the date of this prospectus save for the entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on 18 September 2023 and the principal terms of the Share Option Scheme are summarised in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.

GENERAL MANDATES GRANTED TO OUR DIRECTORS

Subject to the Global Offering becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares.

See "Statutory and General Information — A. Further Information about our Group — 3. Written Resolutions of our Shareholders passed on 18 September 2023" in Appendix IV to this prospectus for details of such general mandates.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has one class of shares, namely ordinary shares, each of which shall carry the same rights as the other Shares.

As a matter of the Cayman Companies Act, a Cayman Islands exempted company is not required by law to convene an annual general meeting unless the articles of association otherwise provide. The holding of general meeting or class meeting is prescribed for under the articles of association of a Cayman Islands company. Accordingly, our Company will hold general meetings as prescribed for under the Articles of Association. A summary of the circumstances under which general meeting and class meeting are required is set out in "Summary of the Constitution of the Company and the Cayman Companies Act" in Appendix III to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme) have interests or short positions in the Shares or underlying Shares which fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

		Shares held immediately following completion of the Capitalisation Issue and the Global Offering	
Name of substantial Shareholder	**Nature of interest and capacity**	**Number of shares held/interested [1]**	**Approximate percentage of shareholding**
Deep Blue Ocean[2]	Beneficial owner	306,000,000 (L)	61.2%
Mr. Li[2]	Interest in a controlled corporation	306,000,000 (L)	61.2%
Ms. Yang Zihan (楊紫涵)[2]	Interest of spouse	306,000,000 (L)	61.2%
Mr. Wang[2]	Interest in a controlled corporation	306,000,000 (L)	61.2%
Ms. Kong Xiaoyan (孔小燕)[2]	Interest of spouse	306,000,000 (L)	61.2%
Ms. Deng[2]	Interest in a controlled corporation	306,000,000 (L)	61.2%
Mr. Xu Tao (徐濤)[2]	Interest of spouse	306,000,000 (L)	61.2%
Mr. Zhang[2]	Interest in a controlled corporation	306,000,000 (L)	61.2%
Ms. He Deling (何德玲)[2]	Interest of spouse	306,000,000 (L)	61.2%
Canwest Profits[3]	Beneficial owner	30,000,000 (L)	6.0%
Mr. Ye[3]	Interest in a controlled corporation	30,000,000 (L)	6.0%
Ms. Ng Ling Ling (吳玲玲)[3] (“**Mrs. Ye**”)	Interest of spouse	30,000,000 (L)	6.0%
Million Oak[4]	Beneficial owner	28,125,000 (L)	5.625%
Mr. Chan[4]	Interest in a controlled corporation	28,125,000 (L)	5.625%
Ms. Koh Lik Ching[4] (“**Mrs. Chan**”)	Interest of spouse	28,125,000 (L)	5.625%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Our Company will be directly owned as to 61.2% by Deep Blue Ocean immediately after completion of the Capitalisation Issue and the Global Offering (without taking into account any Share which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme). Deep Blue Ocean is beneficially owned as to 52% by Mr. Li, 25% by Mr. Wang, 15% by Ms. Deng and 8% by Mr. Zhang. Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang have agreed to act in concert to consolidate and maintain their control over our Company. Each of Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang is deemed to be interested in the same number of Shares that are held by Deep Blue Ocean under the SFO. Each of their spouse is therefore deemed to be interested in the same number of Shares in which each of them is interested under the SFO.

(3) Our Company will be directly owned as to 6.0% by Canwest Profits immediately after completion of the Capitalisation Issue and the Global Offering (without taking into account any Share which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme). Canwest Profits is beneficially wholly owned by Mr. Ye. Mr. Ye is deemed to be interested in the same number of Shares that are held by Canwest Profits under the SFO. Mrs. Ye is the spouse of Mr. Ye and is therefore deemed to be interested in the same number of Shares in which Mr. Ye is interested under the SFO.

(4) Our Company will be directly owned as to 5.625% by Million Oak immediately after completion of the Capitalisation Issue and the Global Offering (without taking into account any Share which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme). Million Oak is beneficially wholly owned by Mr. Chan. Mr. Chan is deemed to be interested in the same number of Shares that are held by Million Oak under the SFO. Mrs. Chan is the spouse of Mr. Chan and is therefore deemed to be interested in the same number of Shares in which Mr. Chan is interested under the SFO.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme) have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

You should read this section in conjunction with our Group's consolidated financial statements, including the notes thereto, included in the Accountants' Report set out in Appendix I to this prospectus. Our Group's consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by our Group in light of our Group's experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, where actual outcomes and developments will meet our Group's expectations and projections depend on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are an integrated IT solution services provider in the education and government IT solutions market in Guangxi with an operating history of over 20 years. Leveraging advanced technologies such as big data analytics, IoT, cloud computing and AI, we primarily focus on the provision of customised integrated IT solutions services to customers in the education sector for the purpose of digitalised campus development.

During the Track Record Period, we derived our revenue from (i) the provision of integrated IT solutions services where we assess our customers' needs and their existing IT environment, and design IT solutions for our customers. It involves development of customised software or procurement of third-party software, and its implementation with hardware products; (ii) sales of hardware and/or software where we advise our customers on the suitable hardware and software that their IT environment would require and procure the relevant hardware and software products; and (iii) standalone IT services. Our contracts for the provision of integrated IT solutions services are obtained on a project basis. We may engage certain ancillary service providers for fitting-out services and cabling works to avoid incurring extra cost for employing a large number of staff or specialised technicians and thereby increase our operating efficiency. The majority of our revenue was generated from provision of integrated IT solutions services which accounted for 91.5%, 83.9%, 81.6% and 57.6% of our total revenue for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, respectively. Our revenue remained relatively stable at RMB207.1 million and RMB201.7 million for the years ended 31 December 2020 and

2021, respectively. Our revenue then increased by RMB41.6 million or 20.6% from RMB201.7 million for the year ended 31 December 2021 to RMB243.3 million for the year ended 31 December 2022. Our revenue increased by RMB0.6 million or 7.5% from RMB8.0 million for the four months ended 30 April 2022 to RMB8.6 million for the four months ended 30 April 2023.

Our profit for the year increased from RMB39.4 million for the year ended 31 December 2020 to RMB46.3 million for the year ended 31 December 2021, and further increased to RMB49.1 million for the year ended 31 December 2022, representing a CAGR of 11.6%. Our loss for the period decreased by RMB2.8 million or 14.2% from RMB19.7 million for the four months ended 30 April 2022 to RMB16.9 million for the four months ended 30 April 2023.

The insignificant amount of revenue recorded for the four months as compared with the full year, and the net losses recorded for the four months ended 30 April 2022 and 30 April 2023 were primarily due to the seasonality effect on our business operations.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

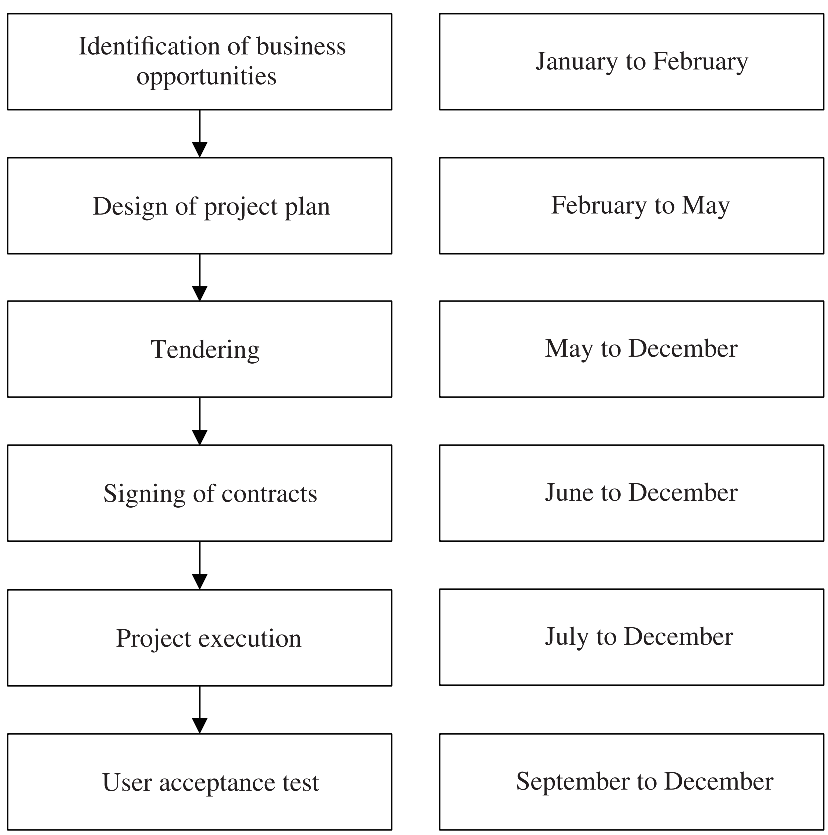
Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Government policy on education IT solutions in China

Our business and results of operations are affected by general factors affecting the industries we operate in. Such general factors include China's economic growth, the rate of education informatisation, changing government policies and government spending on education. The IT solutions market for IT technologies, such as big data analytics, IoT, cloud computing and AI, have a relatively short history and have experienced rapid growth in recent years. Our customers, who were primarily financed by government funds, may reduce their spending on IT solutions due to limitation in public expenditure. See "Risk Factors — Risks Relating to Our Business and Industry — Changes in government policies would affect the demand of our services and products and create uncertainty as to our future revenue streams". In addition, our business and results of operations are also affected by government policies and regulations applicable to our industries. For example, the PRC Government has promoted favourable policies to support the development of the education informatisation. We believe we are uniquely positioned to benefit from such industry trends and regulatory changes.

Seasonality

We experience seasonal fluctuations in our operation. During the Track Record Period, our customers were mainly education institutions, and many of which were primarily financed by government funds. These customers usually adopt a pre-approval management system and centralised procurement system, with the annual budget and procurement plan formulated and design of tendering scheme carried out at the beginning of each year, followed by tendering process starting from the second quarter of the year. For integrated IT solutions services provided to education institutions, as our project execution generally involving installation of hardware and data transfer in various campuses may disrupt the normal operation of the education institutions, project execution generally starts around the summer breaks of education institutions in the third quarter of the year to minimise such disruption and our projects are normally completed within approximately one to three month(s). After the project execution are completed, user acceptance tests are carried out and normally completed in the fourth quarter of the year. The following chart sets out the general timeline of our key processes:



Since a majority of our revenue derived from integrated IT solutions services is recognised upon the user acceptance tests are passed, and a majority of our revenue was derived from integrated IT solutions services during the Track Record Period, a majority of our revenue is recognised during the fourth quarter of the year. For the years ended 31 December 2020, 2021 and 2022, 57.0%, 58.0% and 56.3% of our total revenue was recognised during the fourth quarter of the year, respectively. According to the F&S Report, such seasonal fluctuations are in line with the market practice in the education IT solutions market and it is not uncommon for market players in the PRC of similar business nature to recognise more of their revenue in the fourth quarter of the year. There is no assurance that project completion, acceptance and settlement will not be delayed, which may lead to an adverse impact on our financial performance and financial position.

As a result of such seasonality effect, given that a substantial number of projects would normally be completed in the fourth quarter of the preceding year, while the projects for the upcoming year would normally be awarded in the second half of the year, the outstanding contract value of our integrated IT solutions services projects as at 30 April is relatively smaller as compared with the total revenue to be recognised throughout the year.

Our cash flow was also affected by such seasonality effect during the Track Record Period. We generally receive payment from customers after user acceptance tests of the projects and incur cash payment upfront throughout project execution, such as for the procurement of hardware, equipment and software, service costs for IT and supporting services and staff costs. As project execution starts from the third quarter of the year and the user acceptance tests are carried out in the fourth quarter of the corresponding year, we normally record net cash outflow from operating activities during the first three quarters of the year. For the four months ended 30 April 2022 and 2023, we had net cash outflow from operating activities of RMB24.4 million and RMB31.6 million, respectively.

Our Directors are also of the view that the substantially larger trade receivables turnover days for the four months ended 30 April 2023 was largely affected by seasonality effect, as the amount of revenue recognised for the first four months is insignificant as compared with the full year.

Accordingly, various aspects of our results of operations, including revenue, trade receivables, working capital and operating cashflow, are exposed to the seasonal fluctuations in demand for our services. See “Risk factors — Our business operations may be affected by seasonality” in this prospectus for details of the risks associated with the seasonality effect.

Pricing policy

We generally determine the prices of our services and products on a cost-plus basis with reference to the following factors: (i) types of services provided; (ii) complexity of the project; (iii) prevailing market rates of similar services or products offered by our competitors; (iv) payment terms; (v) cost; and (vi) track record and relationship with our customers.

In particular, we continuously keep ourselves abreast of changes in the prevailing market rates of similar services or products and adjust our pricing policy in a timely manner. At the beginning stage of our new services or products, we may offer a more competitive price than the prevailing market rates of similar services or products offered by our competitors in order to increase the penetration rate of our new services or products in the market. We shall keep refining and upgrading the products after receiving feedbacks from our customers and we may then adjust the price of the services or products to increase our profitability.

Ability to manage costs and expenses

Our ability to manage and control our costs and expenses, particularly our procurement cost of the relevant hardware and software for our integrated IT solutions services and sales of hardware and software is a major component of our cost of sales. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, our procurement cost for the relevant hardware and software accounted for 84.0%, 73.9%, 89.5%, 86.4% and 94.5% of our cost of sales respectively. Any fluctuation in the procurement cost of the relevant hardware and software and our ability to pass such cost escalations to our customers may affect our profitability.

The procurement cost of the relevant hardware and software is typically subject to volatility caused by external conditions such as market supply and demand. As a result, we are exposed to the market risk of price fluctuation. Any unexpected increases in market prices of the hardware and software may have a material and adverse effect on our business, results of operations and financial condition if we are unable to transfer the increased procurement cost to our customers.

For demonstration purpose, the following sensitivity analysis illustrates the impacts of hypothetical fluctuations of our procurement cost of the relevant hardware and software on our profit before tax during the Track Record Period, assuming all other variables remain constant. For prudence sake and taking into account the historical fluctuation on the same during the Track Record Period for our Group, we adopted a hypothetical fluctuations 5% and 10% for procurement cost of the relevant hardware and software in performing the below sensitivity analysis. Our Directors confirm that the below hypothetical fluctuations in our procurement cost for hardware and software commensurate with the historical fluctuations during the Track Record Period.

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	Change in gross profit margin	Change in profit before tax	Change in gross profit margin	Change in profit before tax	Change in gross profit margin	Change in profit before tax	Chang in gross profit margin	Change in profit before tax	Change in gross profit margin	Change in profit before tax
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*		*RMB'000*
Change in procurement cost for hardware and software										
+/-5%	-/+2.7%	-/+5,529	-/+1.9%	-/+3,801	-/+2.6%	-/+6,205	-/+3.6%	-/+289	-/+3.8%	-/+330
+/-10%	-/+5.3%	-/+11,059	-/+3.8%	-/+7,601	-/+5.1%	-/+12,409	-/+7.2%	-/+577	-/+7.6%	-/+660

Prospective investors should note that the above analyses on the historical financial information are based on assumptions and are for reference only and should not be viewed as the actual effect.

Our ability to keep up with rapid changes in technological advancements

Our results of operations and long-term growth prospects will depend on our ability to develop and improve our integrated IT solutions services and we are determined to continuously make significant investments in our research and development activities. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, our research and development expenditure (including expensed and capitalised expenditure) amounted to RMB11.8 million, RMB14.0 million, RMB14.5 million, RMB3.9 million and RMB4.6 million, respectively. We will continue to strengthen our research and development capability and invest in building and maintaining a dedicated and experienced research and development team. See "Business — Our Business Strategies" for further details regarding our research and development initiatives. Such initiatives may increase our research and development expenses and impact our results of operations.

The risk of uncertainty and potential volatility with respect to our project-based revenue

We provide integrated IT solutions services to our customers on a project basis which is non-recurring in nature. Our customers may further engage us to provide standalone IT services such as technical and maintenance services for the IT solutions that we completed after the expiry of the original warranty period. However, we cannot guarantee that our customers will engage us for continuous IT services or continue to provide us with new businesses. In general, we do not have long-term contracts with our customers, which creates uncertainty to our future revenue streams. Our business and future revenue will be likely adversely affected if we are unable to secure new engagements with our customers or our existing customers do not continue to engage us.

It is also difficult to forecast future purchases of our customers as we provide customised integrated IT solutions services to meet the specific needs of our customers on a project basis. The contract sum is determined by various factors including but not limited to the complexity of the integrated IT solutions, technical specification requirements on hardware and software and the duration of the integrated IT solutions project. As such, the revenue generated from each customer varies for each contract. There is no assurance that there are future engagements with contract sum comparable with the engagements during the Track Record Period. As such, our financial performance is uncertain and may therefore fluctuate from year to year.

Credit risks of our outstanding trade receivables and increasing trade receivables turnover days during the Track Record Period

Our financial performance is subject to the risk of payment deferrals and/or defaults by our customers. We are normally required to make prepayments for costs associated with a project, primarily the procurement costs of hardware and software, before user acceptance tests and receiving payments from our customers.

During the Track Record Period, a majority of our customers generally settled the payment within 360 days. However, having considered that (i) given our relatively limited scale of operation, in order to obtain some sizeable projects, we may have less bargaining power and thus have to compromise by offering more favourable terms; and (ii) we intend to establish long-term business relationship with education institutions, government authorities and IT services providers of strategic importance who are not financially distressed based on the communication with the customers by our project managers, we occasionally granted longer payment periods to limited number of customers, such as Customer X, which was allowed to pay by instalments over a period of four years after the user acceptance test has been passed.

Our customers are mainly education institutions and normally have longer internal payment and settlement processes of which may also be affected by the school holidays, which have led to a longer payment cycle of such customers. As at 31 December 2020, 2021 and 2022 and 30 April 2023, our trade receivables aged more than 30 days amounted to RMB27.1 million, RMB105.7 million, RMB85.1 million and RMB164.0 million, respectively, representing 21.8%, 52.6%, 42.8% and 97.9% of our trade receivables as at the same dates, respectively. Our trade receivables turnover days for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023 were 177 days, 295 days, 300 days and 2,543 days, respectively. As at 31 December 2020, 2021 and 2022 and 30 April 2023, we recorded loss allowance on trade receivables of RMB9.2 million, RMB10.2 million, RMB18.5 million and RMB25.1 million, respectively. We are also exposed to credit risk to significant individual customers. As at 31 December 2020, 2021 and 2022 and 30 April 2023, 44.0%, 45.8%, 38.5% and 2.2% of the total trade receivables and contract assets, respectively, were due from our largest customer in each year/period during the Track Record Period, and 52.7%, 61.6%, 50.6% and 2.9% of the total trade receivables and contract assets, respectively, were due from our five largest customers in each year/period during the Track Record Period. For more details, see "Financial Information — Description of Certain Items of Consolidated Statements of Financial Position — Trade and Other Receivables".

As such, we are exposed to the risk that customers may delay or even be unable to pay upon completion of projects. These may put our cash flow and working capital under pressure. If we fail to receive such outstanding amounts from customers in full amounts or in a timely manner, or at all, our financial conditions will be materially and adversely affected.

BASIS OF PRESENTATION

Our consolidated financial information has been prepared in accordance with all applicable HKFRSs, which comprise all applicable standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing our consolidated financial information, our Group has adopted all applicable new and revised HKFRSs consistently throughout the Track Record Period. See Note 1 to the Accountants' Report in Appendix I to this prospectus.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are material to the preparation of our Group's financial information. Our material accounting policy information, accounting judgements and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2 and Note 3 of the Accountants' Report set out in Appendix I to this prospectus, respectively. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of accounting policies; and (ii) the results to changes in conditions and assumptions. We believe the material accounting policy information of "impairment of trade receivables and contract assets", "recoverability of development costs", "recognition of deferred tax assets", "fair value measurement of convertible bond" and "fair value measurement of FVOCI" as set forth in details in Note 2 and Note 3 to the Accountants' Report in Appendix I to this prospectus, are critical and involve the most significant estimates and judgement used in the preparation of our financial statements.

Fair value measurement of convertible bond and FVOCI

Our convertible bond was categorised within level 3 of fair value measurements, which was issued by us on 10 July 2020 and had been fully repaid on 22 April 2021. Our financial assets at FVOCI which are categorised within level 3 of fair value measurements were equity investment in a non-listed company which is operating an under-construction business park.

The fair value assessment of the convertible bond required assumptions including the discount rate, risk-free interest rate, credit spread and probability for conversion, while the fair value assessment of FVOCI required input of the net assets value of the underlying assets. Changes in these assumptions or inputs could materially affect the respective fair value.

In respect of the assessment of fair value of the convertible bond, with reference to the guidance under the "Guidance Note on Directors' Duties in the Context of Valuations in Corporate Transactions" issued by the SFC in May 2017 applicable to directors of companies listed on the Stock Exchange, our Directors have considered the available information in assessing the cash flows from the convertible bond and assumptions including risk-free interest rate and probability of conversion by the bondholder. In particular, it was noted that the bondholder did not gain the conversion right before the convertible bond was repaid.

For the assessment of the fair value of our financial assets at FVOCI, our Directors have undertaken the following key actions: (i) engaging an independent external valuer to assist our management to assess the fair value of the underlying assets; (ii) considering the independence, reputation, capabilities and objectivity of the external valuer to ensure the suitability of such valuer; (iii) reviewing and discussing with our management and the external valuer on the valuation models and approaches; and (iv) reviewing the valuation report prepared by the valuer.

In respect of the valuation of our convertible bond and financial assets at FVOCI, details and the quantitative information about the significant unobservable inputs used in level 3 fair value measurements are set forth in Note 32 to the Accountants' Report set out in Appendix I to this prospectus.

The Reporting Accountants have carried out necessary audit works in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on the Group's historical financial information for the Track Record Period as a whole in Appendix I to this prospectus. The Reporting Accountants' opinion on the historical financial information of the Group for the Track Record Period as a whole is set out on page I-2 of Appendix I to this prospectus.

The Sole Sponsor had conducted relevant due diligence work, including (i) reviewing the terms of the convertible bond and the repayment record; (ii) understanding the background and qualifications of the valuer in relation to the underlying assets of the financial assets at FVOCI; (iii) obtaining and reviewing the valuation report issued by the valuer in relation to the financial assets at FVOCI; (iv) understanding the key basis and assumptions for valuation of the underlying assets of the financial assets at FVOCI; (v) reviewing relevant notes in the Accountants' Report as contained in Appendix I to this prospectus; and (vi) understanding from the management of the Company and the Reporting Accountants the work they have performed in relation to the valuation of the level 3 financial instruments for the purpose of reporting on the historical financial information of the Group for the Track Record Period. Having considered the work done by the Company's management and the Reporting Accountants, and the relevant due diligence done as stated above, nothing material has come to the Sole Sponsor's attention that indicates that the Company's management has not undertaken sufficient investigation and due diligence, or that the work conducted by the Company's management and the Reporting Accountants on valuation of the level 3 financial instruments during the Track Record Period is unreasonable.

RESULTS OF OPERATIONS

The following table summarises the consolidated statements of profit or loss and other comprehensive income from the financial statements during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus.

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue	207,074	201,742	243,255	7,996	8,641
Cost of sales	(131,701)	(102,863)	(138,624)	(6,682)	(6,988)
Gross profit	75,373	98,879	104,631	1,314	1,653
Other net income	5,130	4,839	3,955	1,313	2,336
Selling expenses	(4,633)	(7,928)	(6,828)	(1,603)	(2,342)
Administrative expenses	(19,783)	(25,802)	(30,818)	(18,254)	(17,164)
Research and development expenses	(6,668)	(6,863)	(5,748)	(3,075)	(1,378)
Profit/(loss) from operations	49,419	63,125	65,192	(20,305)	(16,895)
Finance costs	(5,514)	(8,180)	(8,907)	(2,834)	(2,952)
Share of profit/(loss) of an associate	929	(131)	—	—	—
Share of loss of a joint venture	—	(33)	(88)	(66)	(14)
Profit/(loss) before taxation	44,834	54,781	56,197	(23,205)	(19,861)
Income tax	(5,396)	(8,498)	(7,141)	3,463	2,977
Profit/(loss) for the year/period	39,438	46,283	49,056	(19,742)	(16,884)
Attributable to:					
Equity shareholders of the company	39,438	45,978	48,774	(19,502)	(16,676)
Non-controlling interests	—	305	282	(240)	(208)
Profit/(loss) for the year/period	39,438	46,283	49,056	(19,742)	(16,884)
Other comprehensive income for the year/period					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of operations outside the mainland China	—*	117	(936)	(345)	159
Total comprehensive income for the year/period	39,438	46,400	48,120	(20,087)	(16,725)

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Attributable to:					
Equity shareholders of the company	39,438	46,095	47,838	(19,847)	(16,517)
Non-controlling interests	—	305	282	(240)	(208)
Total comprehensive income for the year/period	39,438	46,400	48,120	(20,087)	(16,725)

* This balance represents any amount of less than RMB500.

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our revenue is generated from (i) integrated IT solutions services, (ii) sales of hardware and/or software, and (iii) standalone IT services. We recognise our revenue at a point in time or over time by performance obligations in accordance with the contracts with customers. For the provision of integrated IT solution services, with reference to the charges of goods and services as respectively stated in the relevant contracts, revenue related to sales of goods is recognised when the goods are accepted by customers (i.e. at a point in time), while revenue related to provision of service is recognised when the services are provided (i.e. overtime). For the sales of hardware and/or software, revenue is recognised when the customer takes possession of and accepts the hardware and/or receives the licences to use the software (i.e. at a point in time). For standalone IT services, revenue from warranty contract is recognised over the term of the warranty (i.e. over time), while revenue from other information technology service, which is one-off in nature, is recognised when the service is accepted by the customers (i.e. at a point in time).

Our revenue is recognised either on gross or net basis. When determining whether the revenue should be recognised on gross or net basis, it would depend on an assessment of whether we act as an agent or as a principal in the contract. If we are regarded as an agent pursuant to the relevant accounting standards and polices, the net amount retained is recognised as revenue — i.e. the difference between the amount we receive from our customers for providing the products/services and the amount that we pay to our suppliers to supply products/services. Several factors would be taken into consideration for the principal-agent assessment, including but not limited to whether we are primarily responsible for fulfilling the commitment to provide the products/services, whether we have inventory risk before and after the products/services have been transferred to our customers and whether we have any discretion in establishing the price for the products/services.

The following table sets forth the breakdown of our revenue by operating segment for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Integrated IT solutions services	189,485	91.5	169,337	83.9	198,491	81.6	1,690	21.1	4,976	57.6
Sales of hardware and/or software	12,225	5.9	26,834	13.3	40,980	16.8	5,662	70.8	2,924	33.8
Standalone IT services	5,364	2.6	5,571	2.8	3,784	1.6	644	8.1	741	8.6
Total	207,074	100.0	201,742	100.0	243,255	100.0	7,996	100.0	8,641	100.0

Integrated IT solutions services

Our integrated IT solutions services mainly involves (i) the assessment on customer's needs and their existing IT environment and the design of IT solutions; (ii) the development of solution based software and/or its implementation with hardware products; and (iii) provision of technical and maintenance supporting services. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, our provision of integrated IT solutions services amounted to RMB189.5 million, RMB169.3 million, RMB198.5 million, RMB1.7 million and RMB5.0 million, respectively, representing 91.5%, 83.9%, 81.6%, 21.1% and 57.6% of our total revenue during the respective years/periods. The smaller revenue contribution from this segment for the four months ended 30 April 2022 and 2023 was mainly due to the seasonality effects of this segment. For the year ended 31 December 2021, our revenue generated from integrated IT solutions services decreased mainly because (i) the number of projects tendered and accepted in the education sector decreased as a result of the devotion of our significant resource in the increased workload in the government sector during the year which was led by the business opportunities given by Digital Guangxi arisen at the material time; and (ii) a larger portion of revenue derived from the government sector was recognised on net basis under the Digital Guangxi Tripartite Agreements as we acted as an agent for the sales of software on behalf of the third-party software suppliers to Digital Guangxi during the year, while majority of our revenue during the Track Record Period was recognised on gross basis. See "Business — Tripartite agreements — Digital Guangxi Tripartite Agreements" for details. Our revenue generated from integrated IT solutions services then increased by 17.2% to RMB198.5 million for the year ended 31 December 2022, primarily attributable to a smaller portion of revenue recognised from the

Digital Guangxi Tripartite Agreements which was recognised on net basis and the increase in market size of the education IT solutions industry in Guangxi, resulting in an increase in number and contract value of projects available and awarded to us during the year ended 31 December 2022. Our revenue generated from integrated IT solutions services increased by 194.1% from RMB1.7 million for the four months ended 30 April 2022 to RMB5.0 million for the four months ended 30 April 2023, mainly because we secured a new project from a customer in the education sector being an end user in late 2022 who contributed revenue of RMB4.4 million for the period ("**Project U**").

During the Track Record Period, there were a total of five Digital Guangxi Tripartite Agreements with total contract value (including VAT) of RMB116.9 million which were mainly for the provision of IT solutions services to Digital Guangxi including (i) provision of IT service; and (ii) sales of software on behalf of third-party suppliers. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, the revenue generated under the Digital Guangxi Tripartite Agreements amounted to RMB8.6 million, RMB13.3 million, RMB0.8 million, RMB0.1 million and RMB41,000, respectively. In particular, some of the relevant revenue was recognised on net basis as we acted as an agent for the sales of software on behalf of the third-party software suppliers to Digital Guangxi and such revenue amounted to RMB4.4 million, RMB5.1 million, RMB0.5 million, nil and nil for the corresponding years/periods.

The following table sets forth a breakdown of revenue of our integrated IT solutions projects by whether or not our self-developed products were involved for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Integrated IT solutions projects										
— our self-developed products involved *(Note)*	22,159	11.7	37,566	22.2	26,855	13.5	—	—	376	7.6
— our self-developed products not involved	167,326	88.3	131,771	77.8	171,636	86.5	1,690	100.0	4,600	92.4
Total	189,485	100.0	169,337	100.0	198,491	100.0	1,690	100.0	4,976	100.0

Note: A project is regarded to have our self-developed products involved if our self-developed products in the project contribute more than 50% of the total revenue of software sold within the project. Such threshold on the level of involvement was determined by our management with reference to their industry knowledge and experience.

Sales of hardware and/or software

Sales of hardware and/or software mainly represented sourcing and procurement of hardware for our customers or sales of our self-developed software to our customers on a standalone basis. During the Track Record Period, our revenue generated from sales of hardware and/or software amounted to RMB12.2 million, RMB26.8 million, RMB41.0 million, RMB5.7 million and RMB2.9 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, representing 5.9%, 13.3%, 16.8%, 70.8% and 33.8% of our total revenue during the respective years/periods. The increase in our revenue from sales of hardware and/or software continuously increased during the three years ended 31 December 2022, which was incidental to our increased market presence as a result of our business expansion in our integrated IT solutions services business, which is our main business, and our continuous marketing effort under the expanding market backdrop. As a result, we have secured orders from new customers in 2021 and 2022 for sales of hardware and/or software. In particular, the increase in our revenue from sales of hardware and/or software for the year ended 31 December 2021 was also due to (i) the expansion of distribution channel to industry related online procurement platforms for the sales of hardware; and (ii) the increase in sales of self-developed software during the year, as a result of our continuous research and development effort. Our revenue from sales of hardware and/or software decreased by 49.1% from RMB5.7 million for the four months ended 30 April 2022 to RMB2.9 million for the four months ended 30 April 2023, primarily due to the absence of contracts with contract sum of over RMB2.0 million in the four months ended 30 April 2023, as opposed to there being two contracts with such contract sum for the corresponding period in the preceding year.

Standalone IT services

Standalone IT services mainly represented the provision of IT implementation services, maintenance and/or support services on our customers' IT system on a standalone basis. Our revenue generated from standalone IT services amounted to RMB5.4 million, RMB5.6 million, RMB3.8 million, RMB0.6 million and RMB0.7 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, representing 2.6%, 2.8%, 1.6%, 8.1% and 8.6% of our total revenue during the respective years/periods. The revenue generated from standalone IT services remained relatively stable for the year ended 31 December 2021. Our revenue generated from standalone IT services then decreased by 32.1% from RMB5.6 million for the year ended 31 December 2021 to RMB3.8 million for the year ended 31 December 2022, mainly because several warranty contracts in 2022 were entered into close to the year end, where the revenue is recognised over the term of the warranty which goes beyond 2022. Our revenue generated from standalone IT services remained relatively stable at RMB0.6 million and RMB0.7 million for the four months ended 30 April 2022 and 2023, respectively.

Revenue by types of customers

The following table sets forth the breakdown of our revenue by types of customers for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
End users	118,632	57.3	99,662	49.4	188,333	77.4	2,275	28.5	5,914	68.4
IT services providers	88,442	42.7	102,080	50.6	54,922	22.6	5,721	71.5	2,727	31.6
Total	207,074	100.0	201,742	100.0	243,255	100.0	7,996	100.0	8,641	100.0

Our customers are mainly divided into two categories, namely (i) end users and (ii) IT services providers. IT services providers are generally customers which (i) may assign us all or part of their project works to the end users by engaging us for the provision of integrated IT solutions services; or (ii) purchase hardware and software and standalone IT services from us while end users mainly include education institutions and government authorities.

During the Track Record Period, our revenue derived from end users amounted to RMB118.6 million, RMB99.7 million, RMB188.3 million, RMB2.3 million and RMB5.9 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, representing 57.3%, 49.4%, 77.4%, 28.5% and 68.4% of our total revenue during the respective year/period. The decrease in revenue from end users for the year ended 31 December 2021 was primarily attributable to the decreased number of projects tendered and accepted in relation to services provided to end users, after taking into account our capacity at the material time, as we undertook projects secured from Digital Guangxi who is an IT services provider, which resulted in an increase in workload and devotion of our significant resource in providing services to IT services providers during the year. The increase in revenue from end users for the year ended 31 December 2022 was mainly due to our continuous effort in expanding our market share in the education IT solutions market under the expanding market backdrop, thereby securing integrated IT solutions projects with larger contract sum from end users in the education sector. The increase in revenue from end users by 156.5% from RMB2.3 million for the four months ended 30 April 2022 to RMB5.9 million for the four months ended 30 April 2023 was mainly because of Project U as mentioned above.

During the Track Record Period, our revenue derived from IT services providers amounted to RMB88.4 million, RMB102.1 million, RMB54.9 million, RMB5.7 million and RMB2.7 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and

2023, respectively, representing 42.7%, 50.6%, 22.6%, 71.5% and 31.6% of our total revenue during the respective years/periods. The increase in revenue derived from IT services providers for the year ended 31 December 2021 was mainly due to the increase in revenue generated from Digital Guangxi which was led by the business opportunities given by Digital Guangxi arisen at the material time. The decrease in revenue from IT services providers for the year ended 31 December 2022 was mainly due to the substantial completion of projects secured from Digital Guangxi by 2021.

Our projects are non-recurring in nature. We believe that the business opportunities from Digital Guangxi are incidental but natural to our business operation. However, we take into account different factors, such as its profit margin and our capacity at the material time, and will only tender for and undertake projects which are in general in the interest of our Group. We also have no intention to limit ourselves to mainly serving any particular major customer, including Digital Guangxi. As a result, since there is no suitable project opportunities available to our Group, revenue contribution from Digital Guangxi for the year ended 31 December 2022 decreased significantly as we have devoted our significant resource to our other projects. Subsequent to the Track Record Period and as at the Latest Practicable Date, we did not have any ongoing projects nor undergo pre-tendering or tendering of any potential projects with Digital Guangxi.

The decrease in revenue from IT services providers by 52.6% from RMB5.7 million for the four months ended 30 April 2022 to RMB2.7 million for the four months ended 30 April 2023 was mainly because revenue from sales of hardware and/or software decreased.

Revenue by industry sectors of end users

The following table sets forth the breakdown of our revenue by industry sectors of end users for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Education	171,558	82.8	115,340	57.2	197,667	81.3	2,061	25.8	7,245	83.8
Government	23,907	11.5	63,832	31.6	8,998	3.7	361	4.5	201	2.4
Others	11,609	5.7	22,570	11.2	36,590	15.0	5,574	69.7	1,195	13.8
Total	207,074	100.0	201,742	100.0	243,255	100.0	7,996	100.0	8,641	100.0

Note: Others generally refer to IT services providers, corporate customers and individual customers who purchase hardware and/or software, and standalone IT services from us and do not specify the end users of the products or services.

During the Track Record Period, the majority of our revenue was generated from the education and government sectors which primarily use public expenditure.

During the Track Record Period, our revenue derived from the education sector amounted to RMB171.6 million, RMB115.3 million, RMB197.7 million, RMB2.1 million and RMB7.2 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, representing 82.8%, 57.2%, 81.3%, 25.8% and 83.8% of our total revenue during the respective years/periods. The relatively low revenue contribution from the education sector for the year ended 31 December 2021 was mainly due to the decreased number of projects tendered and accepted during the year as a result of the devotion of our significant resource in the increased workload in the government sector during the year which was led by the business opportunities given by Digital Guangxi arisen at the material time which contributed 23.2% of our total revenue for the year ended 31 December 2021. Our Directors considered such business opportunities to be in our general interest, having considered that, among others, (i) we could derive considerable revenue and gross profit from the projects; and (ii) we planned to further expand our customer base throughout the Track Record Period, especially in the government sector. The increase in revenue derived from education sector by 71.5% from RMB115.3 million for the year ended 31 December 2021 to RMB197.7 million for the year ended 31 December 2022 was primarily due to our continuous effort in expanding our market share in the education IT solutions market under the expanding market backdrop, thereby securing integrated IT solutions services projects with larger contract sum from customers in the education sector. The increase in revenue derived from education sector by 242.9% from RMB2.1 million for the four months ended 30 April 2022 to RMB7.2 million for the four months ended 30 April 2023 was primarily because of Project U as mentioned above.

During the Track Record Period, our revenue derived from government sector amounted to RMB23.9 million, RMB63.8 million, RMB9.0 million, RMB0.4 million and RMB0.2 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, representing 11.5%, 31.6%, 3.7%, 4.5% and 2.4% of our total revenue during the respective years/periods. The increase in revenue derived from government sector for the year ended 31 December 2021 was mainly due to the increase in revenue generated from Digital Guangxi of RMB38.2 million during the year. Revenue derived from government sector decreased by 85.9% from RMB63.8 million for the year ended 31 December 2021 to RMB9.0 million for the year ended 31 December 2022, primarily owing to substantial completion of projects secured from Digital Guangxi by 2021. Revenue derived from government sector remained relatively stable at RMB0.4 million and RMB0.2 million for the four months ended 30 April 2022 and 2023, respectively.

During the Track Record Period, our revenue derived from others amounted to RMB11.6 million, RMB22.6 million, RMB36.6 million, RMB5.5 million and RMB1.1 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, representing 5.7%, 11.2%, 15.0%, 69.7% and 13.8% of our total revenue during the respective years/periods. The increase in revenue derived from others for the year ended 31 December 2021 was mainly due to the revenue contribution of corporate customers resulted from our provision of integrated IT solutions services and sales of hardware and/or software to them. The increase in revenue derived from others from RMB22.6 million for the year ended 31 December 2021 to RMB36.6 million for the year ended 31 December 2022 was mainly because we secured business from two new corporate customers in late 2021 and 2022 who contributed revenue of RMB4.8 million and RMB5.6 million, respectively, for the year ended 31 December 2022 for the sales of hardware and/or software, as a result of our continuous effort to secure orders from new customers under the expanding market backdrop. The decrease in revenue derived from others from RMB5.5 million for the four months ended 30 April 2022 to RMB1.1 million for the four months ended 30 April 2023 was mainly because revenue from sales of hardware and/or software decreased.

Cost of sales

The following table sets forth the breakdown of our cost of sales by nature for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
							(Unaudited)			
Procurement costs for hardware and software	110,585	84.0	76,012	73.9	124,094	89.5	5,774	86.4	6,598	94.5
Service costs for IT and supporting services	15,573	11.8	17,728	17.2	6,779	4.9	198	3.0	261	3.7
Staff costs	1,931	1.5	3,257	3.2	2,155	1.6	216	3.2	60	0.9
Amortisation costs	2,259	1.7	5,201	5.1	4,270	3.1	—	—	—	—
Others	1,353	1.0	665	0.6	1,326	0.9	494	7.4	69	0.9
Total	131,701	100.0	102,863	100.0	138,624	100.0	6,682	100.0	6,988	100.0

Procurement costs for hardware and software represented the procurement cost of relevant software and hardware for our integrated IT solutions services and our sales of hardware and/or software. Our procurement costs for hardware and software is our largest component in our cost of sales, amounted to RMB110.6 million, RMB76.0 million, RMB124.1 million, RMB5.8 million and RMB6.6 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, accounting for 84.0%, 73.9%, 89.5%, 86.4% and 94.5% of our total cost of sales during the respective years/periods. The decrease in our procurement costs for hardware and software for the year ended 31 December 2021 was mainly due to the relevant procurement costs incurred under the Digital Guangxi Tripartite Agreements not being accounted in cost of sales as we recognised the relevant revenue on net revenue basis. The increase in our procurement costs for hardware and software by 63.3% from RMB76.0 million for the year ended 31 December 2021 to RMB124.1 million for the year ended 31 December 2022 was mainly due to the increase in revenue generated from integrated IT solutions services and the sales of hardware and/or software. The increase in our procurement costs for hardware and software by 13.8% from RMB5.8 million for the four months ended 30 April 2022 to RMB6.6 million for the four months ended 30 April 2023 was mainly due to the increase in revenue generated from integrated IT solutions services.

Service costs for IT and supporting services represented service fee paid for IT services and ancillary services to support the implementation of integrated IT solution such as fitting-out and cabling services. Our service costs for IT and supporting services amounted to RMB15.6 million, RMB17.7 million, RMB6.8 million, RMB0.2 million and RMB0.3 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, accounted for 11.8%, 17.2%, 4.9%, 3.0% and 3.7% of our total cost of sales during the respective years/periods. For the year ended 31 December 2021, the service costs for IT and supporting services increased by 13.5% from RMB15.6 million for the year ended 31 December 2020 to RMB17.7 million for the year ended 31 December 2021 as we subcontracted certain IT services of the integrated IT solutions projects during the year. The decrease in service costs for IT and supporting services by 61.6% from RMB17.7 million for the year ended 31 December 2021 to RMB6.8 million for the year ended 31 December 2022 was mainly due to the substantial completion of integrated IT solutions projects secured from Digital Guangxi by 2021 which required more subcontracting service costs. Our service costs for IT and supporting services remained relatively stable at RMB0.2 million and RMB0.3 million for the four months ended 30 April 2022 and 2023, respectively.

Staff costs primarily consisted of salaries, bonuses and social insurance contributions paid to our employees directly involved in our project planning and implementation. We generally assign our technical staff on a project-by-project basis based on project needs and employees' expertise. Our staff costs amounted to RMB1.9 million, RMB3.3 million, RMB2.2 million, RMB0.2 million and RMB60,000, and accounted for 1.5%, 3.2%, 1.6%, 3.2% and 0.9% of our total cost of sales during the respective years/periods. The increase of staff costs for the year ended 31 December 2021 was attributable to the increased number of headcount of our Group. The decrease in staff costs for the year ended 31 December 2022 was mainly due to the substantial completion of integrated IT solutions projects secured from Digital Guangxi by 2021 which required more staff costs due to complexity of the projects. We recorded insignificant staff costs of RMB0.2 million and RMB60,000 for the four months ended 30 April 2022 and 2023, respectively.

Amortisation costs are related to the amortisation of capitalised development costs arising on research and development projects. Our amortisation cost, amounted to RMB2.3 million, RMB5.2 million, RMB4.3 million, nil and nil for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, accounted for 1.7%, 5.1%, 3.1%, nil and nil of our total cost of sales during the respective years/periods. The increase in amortisation costs for the year ended 31 December 2021 was in line with our increased number of self-developed software. Amortisation costs decreased to RMB4.3 million for the year ended 31 December 2022, mainly due to the decrease in sales of self-developed software.

Others represent the sales tax and surcharges. It amounted to RMB1.4 million, RMB0.7 million, RMB1.3 million, RMB0.5 million and RMB69,000 for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, accounted for 1.0%, 0.6%, 0.9%, 7.4% and 0.9% of our total cost of sales during the respective years/periods.

Gross profit and gross profit margin

Our gross profit was RMB75.4 million, RMB98.9 million, RMB104.6 million, RMB1.3 million and RMB1.7 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, and our gross profit margin was 36.4%, 49.0%, 43.0%, 16.4% and 19.1% for the corresponding years/periods.

The following table sets forth the breakdown of our gross profit and gross profit margin by operating segment for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
							(Unaudited)			
Integrated IT solutions services	69,130	36.5	84,121	49.7	94,775	47.7	549	32.5	846	17.0
Sales of hardware and/or software	1,901	15.6	10,382	38.7	7,346	17.9	331	5.8	252	8.6
Standalone IT services	4,342	80.9	4,376	78.5	2,510	66.3	434	67.4	555	74.9
Total	75,373	36.4	98,879	49.0	104,631	43.0	1,314	16.4	1,653	19.1

Integrated IT solutions services

During the Track Record Period, our gross profit generated from provision of integrated IT solutions services amounted to RMB69.1 million, RMB84.1 million, RMB94.8 million, RMB0.5 million and RMB0.8 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively.

During the Track Record Period, our related gross profit margin was 36.5%, 49.7%, 47.7%, 32.5% and 17.0% for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively. During the Track Record Period, integrated IT solutions projects incorporating self-developed products generally recorded higher gross profit margin than those without self-developed products as our Group was able to reduce the procurement costs incurred on third party software which therefore improved the profitability of integrated IT solutions projects with self-developed products. The relatively lower gross profit margin of 36.5% for the year ended 31 December 2020 was mainly due to the lower profit margin derived from two major projects secured from Shuguang Maiyue. For details, see "Business — Strategic partnerships — Shuguang Maiyue". For the year ended 31 December 2021, our gross profit margin increased to 49.7% mainly due to (i) revenue of RMB5.1 million, out of the revenue of RMB13.3 million, from the Digital Guangxi Tripartite Agreements, was recognised on net basis after deducting the relevant software supplier cost which resulted in a higher gross profit margin of 95.8% recognised for the year; and (ii) our effort in pursuing additional integrated IT solutions projects incorporating our self-developed software with higher gross profit margin of 78.5% as we were able to reduce the procurement costs incurred in purchasing software from third parties. For the year ended 31 December 2022, our gross profit margin remained relatively stable at 47.7%. The decrease in gross profit margin by 15.5 percentage points from 32.5% for the four months ended 30 April 2022 to 17.0% for the four months ended 30 April 2023 was primarily attributable to the lower gross profit margin of 9.1% derived from Project U. Our Directors considered that the project was not technically complicated and it mainly involved the sales and installation of hardware with transparent selling price in the market, rather than the involvement of our self-developed products.

The following table sets forth a breakdown of gross profit and gross profit margin of our integrated IT solutions projects by whether or not our self-developed products were involved for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
							(Unaudited)			
Integrated IT solutions projects										
— our self-developed products involved [(Note)]	15,040	67.9	29,472	78.5	19,821	73.8	—	—	359	95.5
— our self-developed products not involved	54,090	32.3	54,649	41.5	74,954	43.7	549	32.5	487	10.6
Total	69,130	36.5	84,121	49.7	94,775	47.7	549	32.5	846	17.0

Note: A project is regarded to have our self-developed products involved if our self-developed products in the project contribute to more than 50% of the total revenue of software sold within the project. Such threshold on the level of involvement was determined by our management with reference to their industry knowledge and experience.

Sales of hardware and/or software

During the Track Record Period, our gross profit generated from sales of hardware and/or software amounted to RMB1.9 million, RMB10.4 million, RMB7.3 million, RMB0.3 million and RMB0.3 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively.

During the Track Record Period, our related gross profit margin were 15.6%, 38.7%, 17.9%, 5.8% and 8.6% for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively. The increase in gross profit margin by 23.1% for the year ended 31 December 2021 was mainly due to an increase in sales of self-developed software and provision of installation services to customers, both of which render a higher profitability, during the year. The decrease in gross profit margin by 20.8% from 38.7% for the year ended 31 December 2021 to 17.9% for the year ended 31 December 2022 was mainly due to the lower gross profit margin derived from two new customers secured in late 2021 and 2022 for sales of hardware and/or software which did not require us to carry out ancillary installation services. The gross profit margin for the four months ended 30 April 2022 was relatively low because the two contracts secured from a new customer in late 2021 and 2022 which contributed revenue for the four months ended 30 April 2022 did not require ancillary installation services. We normally could charge a higher gross profit margin for providing ancillary installation services as our customers normally rely on our professional skill set and knowledge of our IT technicians for these services.

Standalone IT services

During the Track Record Period, our gross profit generated from provision of standalone IT services amounted to RMB4.3 million, RMB4.4 million, RMB2.5 million, RMB0.5 million and RMB0.6 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively.

During the Track Record Period, our related gross profit margin was 80.9%, 78.5%, 66.3%, 67.4% and 74.9% for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively. The decrease in gross profit margin by 12.2 percentage points from 78.5% for the year ended 31 December 2021 to 66.3% for the year ended 31 December 2022 was mainly due to the incurrence of more staff cost as more projects required stationed staff for the year ended 31 December 2022. The increase in gross profit margin by 7.5 percentage points from 67.4% for the four months ended 30 April 2022 to 74.9% for the four months ended 30 April 2023 was primarily owing to the decrease in the staff cost incurred in respect of stationed staff for providing standalone IT services for the fourth months ended 30 April 2023.

Higher gross profit margins for standalone IT services were recorded as compared to integrated IT solutions services and sales of hardware and/or software was mainly attributable to (i) the prices we procure our hardware and software for integrated IT solutions services and sales of hardware and/or software are generally determined with reference to the price guidance set by the product vendors; (ii) higher profit margin could generally be generated for standalone IT services as our customers normally rely on our professional skill set and knowledge of our IT technicians in providing customised and standalone services.

Type of customers

The following table sets forth the breakdown of our gross profit and gross profit margin by type of customers for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
							(Unaudited)			
End users	50,025	42.2	44,215	44.4	87,094	46.2	904	39.7	1,256	21.2
IT services providers	25,348	28.7	54,664	53.6	17,537	31.9	410	7.2	397	14.6
Total	75,373	36.4	98,879	49.0	104,631	43.0	1,314	16.4	1,653	19.1

During the Track Record Period, our gross profit was mainly generated from end users which amounted to RMB50.0 million, RMB44.2 million, RMB87.1 million, RMB0.9 million and RMB1.3 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively.

During the Track Record Period, our gross profit margin of end users was 42.2%, 44.4%, 46.2%, 39.7% and 21.2% for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively. Our gross profit margin of end users remained relatively stable for the years ended 31 December 2020, 2021 and 2022. The decrease in gross profit margin by 18.4 percentage points from 39.7% for the four months ended 30 April 2022 to 21.2% for the four months ended 30 April 2023 was primarily attributable to the lower gross profit margin of 9.1% derived from Project U. Our Directors considered that the project was not technically complicated and it mainly involved the sales and installation of hardware with transparent selling price in the market, rather than the involvement of our self-developed products.

During the Track Record Period, our gross profit margin of IT services providers was 28.7%, 53.6%, 31.9%, 7.2% and 14.6% for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively. The increase in gross profit margin by 24.9 percentage points for the year ended 31 December 2021 was mainly due to (i) the higher gross profit margin derived from the Digital Guangxi Tripartite Agreements; and (ii) the higher gross profit margin derived from the sales of self-developed software. The decrease in gross profit margin by 21.7 percentage points from 53.6% for the year ended 31 December 2021 to 31.9% for the year ended 31 December 2022 was mainly due to (i) the substantial completion of projects secured from Digital Guangxi with revenue recognised on net basis by 2021; and (ii) the lower gross profit margin derived from two new customers secured in late 2021 and 2022 for sales of hardware and/or software which did not require us to carry out ancillary installation services. The increase in gross profit margin by 7.4 percentage points from 7.2% for the four months ended 30 April 2022 to 14.6% for the four months ended 30 April 2023 was primarily owing to the increase of gross profit margin in sales of hardware and/or software.

Industry sector of end users

The following table sets forth the breakdown of our gross profit and gross profit margin by industry sector of end users for the years/periods indicated:

	Years ended 31 December						Four months ended 30 April			
	2020		2021		2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Education	57,195	33.3	54,606	47.3	91,337	46.2	720	34.9	1,339	18.5
Government	13,446	56.2	34,304	53.7	4,354	48.4	316	87.5	158	78.6
Others	4,732	40.8	9,969	44.2	8,940	24.4	278	5.0	156	13.1
Total	75,373	36.4	98,879	49.0	104,631	43.0	1,314	16.4	1,653	19.1

During the Track Record Period, our gross profit was mainly generated from education sector which amounted to RMB57.2 million, RMB54.6 million, RMB91.3 million, RMB0.7 million and RMB1.3 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively.

During the Track Record Period, our gross profit margin of the education sector was 33.3%, 47.3%, 46.2%, 34.9% and 18.5% for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively. The gross profit margin of the education sector increased by 14.0 percentage points for the year ended 31 December 2021 mainly due to the increase in sales of our self-developed software. The gross profit margin of the education sector remained relatively stable at 46.2% for the year ended 31 December 2022. The gross profit margin of the education sector decreased by 16.4 percentage points from 34.9% for the four months ended 30 April 2022 to 18.5% for the four months ended 30 April 2023, primarily owing to the lower gross profit margin of 9.1% derived from Project U. Our Directors considered that the project was not technically complicated and it mainly involved the sales and installation of hardware with transparent selling price in the market, rather than the involvement of our self-developed products.

Our gross profit margin of government sector was 56.2%, 53.7%, 48.4%, 87.5% and 78.6% for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively. The gross profit margin of government sector remained relatively stable at 53.7% for the year ended 31 December 2021. The gross profit margin of government sector decreased by 5.3 percentage points from 53.7% for the year ended 31 December 2021 to 48.4% for the year ended 31 December 2022, which was mainly due to the substantial completion of projects secured from Digital Guangxi with some of the relevant revenue recognised on net basis by 2021. The gross profit margin of government sector decreased by 8.9 percentage points from 87.5% for the four months ended 30 April 2022 to 78.6% for the four months ended 30 April 2023, mainly due to the decrease in revenue contribution from provision of standalone IT services which had a relatively higher gross profit margin. See "— Description of Selected Items in Consolidated Statements of Profit or Loss and Other Comprehensive income — Gross profit and gross profit margin — Standalone IT services" above for further details.

Other net income

During the Track Record Period, other net income primarily included government grants, interest income, net foreign exchange gain/(loss), (loss)/gain on disposal of property, plant and equipment, gain on disposals of assets and liabilities held for sale arising from the transfer of property right to Guangxi Qianyue and others.

The following table sets forth the breakdown of our other net income for the years/periods indicated:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Government grants	5,015	4,931	2,585	931	1,062
Interest income	67	50	63	26	732
Net foreign exchange (loss)/gain	(3)	(157)	986	309	(152)
(Loss)/gain on disposal of property, plant and equipment	—	(9)	294	27	—
Gain on disposals of assets and liabilities held for sale	—	—	—	—	676
Others	51	24	27	20	18
Total	5,130	4,839	3,955	1,313	2,336

A government grant is recognised when there is reasonable assurance that we will comply with the conditions attaching to it and that the grant will be received. Government grants that become receivable as compensation for expenses or for the purpose of giving immediate financial support to us with no future related costs are recognised in profit or loss in the period in which they become receivable. The government grants were non-recurring in nature.

Our government grants amounted to RMB5.0 million, RMB4.9 million, RMB2.6 million, RMB0.9 million and RMB1.1 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively. The decrease in government grants by RMB2.3 million or 46.9% from RMB4.9 million for the year ended 31 December 2021 to RMB2.6 million for the year ended 31 December 2022 was mainly due to the absence of non-recurring interest subsidy received from a local government authority.

Selling expenses

Our selling expenses consisted primarily of staff costs, tendering fee, warranty expenses and others.

The following table sets forth the breakdown of our selling expenses for the years/periods indicated:

	Years ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Staff costs	2,177	4,399	3,843	1,158	1,356
Tendering fee	1,393	926	1,179	106	17
Warranty expenses	886	1,403	1,091	201	660
Advertising and promotion expenses	23	408	49	3	147
Travelling expenses	91	415	230	76	116
Others	63	377	436	59	46
Total	4,633	7,928	6,828	1,603	2,342

Our selling expenses amounted to RMB4.6 million, RMB7.9 million, RMB6.8 million, RMB1.6 million and RMB2.3 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, which accounted for 2.2%, 3.9% 2.8%, 20.0% and 27.1% of our total revenue for the corresponding year/period.

Administrative expenses

Our administrative expenses consisted primarily of staff costs, impairment losses recognised for trade and other receivables and contract assets, Listing expenses, entertainment expenses, depreciation and amortisation, travelling expenses, legal and professional fee and other expenses incurred in relation to the general operation of our Group.

The following table sets forth the breakdown of our administrative expenses for the years/periods indicated:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Staff costs	5,251	6,783	8,345	4,640	3,532
Impairment losses recognised for trade and other receivables and contract assets	3,821	820	6,391	5,082	6,489
Listing expenses	3,880	8,546	6,218	3,492	2,559
Entertainment expenses	1,704	2,007	1,526	483	727
Depreciation and amortisation	1,219	1,260	1,369	479	508
Travelling expenses	597	919	1,009	304	296
Legal and professional fees	520	779	1,187	351	407
Short-term and low-value assets lease charges	181	1,035	620	483	160
Vehicle fees	130	165	119	58	34
Others	2,480	3,488	4,034	2,882	2,452
Total	19,783	25,802	30,818	18,254	17,164

Our administrative expenses amounted to RMB19.8 million, RMB25.8 million, RMB30.8 million, RMB18.3 million and RMB17.2 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, which accounted for 9.6%, 12.8%, 12.7%, 228.3% and 198.6% of our total revenue for the corresponding year/period. Listing expenses comprise fees incurred in connection with the Global Offering. Listing expenses amounted to RMB3.9 million, RMB8.5 million, RMB6.2 million, RMB3.5 million and RMB2.6 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively.

Research and development expenses

Our research and development expenses consisted primarily of staff costs, project development expenses, depreciation and amortisation and others.

The following table sets forth the breakdown of our research and development expenses for the years/periods indicated:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Staff costs	5,324	4,990	2,338	1,647	937
Project development expenses[1]	946	1,432	2,195	1,256	95
Depreciation and amortisation	42	143	216	11	25
Others	356	298	999	161	321
Total	6,668	6,863	5,748	3,075	1,378

Note:

(1) Project development expenses primarily include costs of materials and inspection fee for trial products which were directly attributable to research and development projects.

Our research and development expenses amounted to RMB6.7 million, RMB6.9 million, RMB5.7 million, RMB3.1 million and RMB1.4 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively, which accounted for 3.2%, 3.4%, 2.4%, 38.5% and 15.9% of our total revenue for the corresponding year/period.

Finance costs

The following table sets forth the breakdown of our finance costs for the years/periods indicated:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest on bank and other loans	5,086	7,897	8,845	2,820	2,945
Fair value loss on convertible bond	348	226	—	—	—
Interest on lease liabilities	80	57	62	14	7
	5,514	8,180	8,907	2,834	2,952

Our finance costs consisted of (i) interest expenses on bank and other loans; (ii) fair value loss on convertible bond; and (iii) interest expenses on lease liabilities which amounted to RMB5.5 million, RMB8.2 million, RMB8.9 million, RMB2.8 million and RMB3.0 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2022 and 2023, respectively. The increasing trend of interest on bank and other loans during the Track Record Period was mainly due to our increase in average bank and other loans balances for the respective years/periods.

Share of profit/(loss) of an associate

Our share of profit/(loss) of an associate represented profit or loss shared from our associate, Shuguang Maiyue, which was established in Guangxi on 10 October 2019. Our Group held 49% equity interest in Shuguang Maiyue and the remaining 51% equity interest is owned by Digital Guangxi since its establishment and up till 20 April 2021.

On 21 April 2021, our Group entered into a capital injection agreement with Digital Guangxi in relation to a capital injection of RMB2,041,000 into Shuguang Maiyue. Our Group's shareholding in Shuguang Maiyue changed from 49% to 51%. Our Group obtained control over it and it became a non-wholly owned subsidiary of our Group.

Share of loss of a joint venture

Our share of loss of a joint venture represented loss shared from our joint venture, Fangchenggang City Investment Digital incorporated on 25 November 2020, for software development and provision of integrated IT solutions, where our Group held 65% equity interest in the joint venture.

Income tax expense

Our Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdiction in which members of our Group domicile or operate.

Our income tax expense amounted to RMB5.4 million, RMB8.5 million and RMB7.1 million for the years ended 31 December 2020, 2021 and 2022, respectively. We recorded income tax credit of RMB3.5 million and RMB3.0 million for the four months ended 30 April 2022 and 2023, respectively.

During the Track Record Period, our operating subsidiaries were subject to 25% corporate income tax in accordance with the EIT Law, except for (i) Nanning Maiyue which was qualified as High and New Technology Enterprise and was entitled to a preferential tax rate of 15% and (ii) Guangxi Silunjie which engaged in the national encouraged industries in the PRC western region and national autonomous area, and was entitled to preferential tax rates of 9% (from 2019 to 2021) and 15% (since 2022) during the Track Record Period. See Note 7 in the Accountants' Report as set out in Appendix I to this prospectus for further details.

Our effective tax rate was 12.0%, 15.5% and 12.7% for the years ended 31 December 2020, 2021 and 2022, respectively. Our effective tax rate was not applicable for the four months ended 30 April 2022 and 2023 as we recorded loss before taxation of RMB23.2 million and RMB19.9 million, respectively. The difference between our effective tax rates and the applicable corporate income tax rates for the three years ended 31 December 2022 was primarily due to the majority of our profits was contributed by our operating subsidiaries, Nanning Maiyue and Guangxi Silunjie, which were subjected to preferential tax treatment of 15% and 9% or 15% respectively as discussed above.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

Profit/(loss) for the year/period

Our profit for the year amounted to RMB39.4 million, RMB46.3 million and RMB49.1 million for the years ended 31 December 2020, 2021 and 2022, respectively. Our net profit margin was 19.0%, 22.9% and 20.2% for the corresponding years. We recorded net loss margin of 246.9% and 195.4% for the four months ended 30 April 2022 and 2023 as we recorded loss for the period of RMB19.7 million and RMB16.9 million for the corresponding periods.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Four months ended 30 April 2023 compared to four months ended 30 April 2022

Revenue

Our revenue increased by 7.5% from RMB8.0 million for the four months ended 30 April 2022 to RMB8.6 million for the four months ended 30 April 2023, which was mainly due to the increase in our revenue generated from the provision of integrated IT solutions services from RMB1.7 million to RMB5.0 million, partially offset by the decrease in revenue generated from sales of hardware and software from RMB5.7 million to RMB2.9 million, for the respective periods.

— *Integrated IT solutions services.* Our revenue generated from the provision of integrated IT solutions services increased by 194.1% from RMB1.7 million for the four months ended 30 April 2022 to RMB5.0 million for the four months ended 30 April 2023, primarily because we secured Project U.

— *Sales of hardware and/or software.* Our revenue generated from the sales of hardware and/or software decreased by 49.1% from RMB5.7 million for the four months ended 30 April 2022 to RMB2.9 million for the four months ended 30 April 2023, primarily due to the absence of contracts with contract sum of over RMB2.0 million in the four months ended 30 April 2023, as opposed to there being two contracts with such contract sum in the corresponding period of the preceding year.

— *Standalone IT services.* Our revenue generated from the provision of standalone IT services remained relatively stable at RMB0.6 million and RMB0.7 million for the four months ended 30 April 2022 and 2023, respectively.

Cost of sales

Our cost of sales increased by 4.5% from RMB6.7 million for the four months ended 30 April 2022 to RMB7.0 million for the four months ended 30 April 2023. The increase was primarily due to the increase in procurement costs for hardware and software by RMB0.8 million as a result of the increase in revenue generated from the provision of integrated IT solutions services.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 23.1% from RMB1.3 million for the four months ended 30 April 2022 to RMB1.7 million for the four months ended 30 April 2023. Our gross profit margin increased from 16.4% for the four months ended 30 April 2022 to 19.1% for the four months ended 30 April 2023, primarily due to (i) the completion of two relatively low gross profit margin contracts which did not require ancillary installation services in sales of hardware and/or software for the four months ended 30 April 2022; and (ii) the decrease in staff cost incurred in standalone IT services.

Other net income

Our other net income increased by 76.9% from RMB1.3 million for the four months ended 30 April 2022 to RMB2.3 million for the four months ended 30 April 2023, which was mainly attributable to (i) the increase in interest income of RMB0.7 million which was mainly derived from Project R due to the long repayment period as stipulated in the contract; and (ii) the increase in gain on disposal of assets and liabilities held for sale arising from the transfer of property right to Guangxi Qianyue, partially offset by the net foreign exchange loss recognised for the period as a result of the appreciation of Hong Kong dollar against Renminbi.

Selling expenses

Our selling expenses increased by 43.8% from RMB1.6 million for the four months ended 30 April 2022 to RMB2.3 million for the four months ended 30 April 2023, which was mainly attributable to (i) the increase in warranty expenses of RMB0.5 million due to the increase in expenditure for after-sales product maintenance; (ii) the increase in staff costs of RMB0.2 million as a result of the increase in salary of certain employees; and (iii) the increase in advertising and promotion expenses of RMB0.1 million for the promotion of our brand.

Administrative expenses

Our administrative expenses decreased by 6.0% from RMB18.3 million for the four months ended 30 April 2022 to RMB17.2 million for the four months ended 30 April 2023, which was mainly attributable to (i) the decrease in Listing expenses of RMB0.9 million; and (ii) the decrease in staff costs of RMB1.1 million as a result of the decrease in headcount, partially offset by the increase in impairment losses recognised for trade and other receivables and contract assets of RMB1.4 million as a result of the increase in aged receivables during the period.

Research and development expenses

Our research and development expenses decreased by 54.8% from RMB3.1 million for the four months ended 30 April 2022 to RMB1.4 million for the four months ended 30 April 2023, mainly because more software development costs were capitalised for the four months ended 30 April 2023 as more staff resources were allocated on software development projects which were beyond the research stage. As a result, we recorded an addition of capitalised development costs of RMB3.2 million for the four months ended 30 April 2023, as compared with RMB0.9 million for the four months ended 30 April 2022.

Finance costs

Our finance costs remained relatively stable at RMB2.8 million and RMB3.0 million for the four months ended 30 April 2022 and 2023, respectively.

Share of loss of a joint venture

We recorded insignificant share of loss of a joint venture of RMB66,000 and RMB14,000 for the four months ended 30 April 2022 and 2023, respectively.

Income tax credit

Our Group recorded income tax credit of RMB3.5 million and RMB3.0 million for the four months ended 30 April 2022 and 2023, respectively. The effective tax rate was not applicable for the corresponding periods as we recorded loss before taxation during such periods.

Loss for the period

As a result of the foregoing, our loss for the period amounted to RMB19.7 million and RMB16.9 million for the four months ended 30 April 2022 and 2023, respectively. The net profit margin was not applicable for the corresponding periods as we recorded losses during such periods.

Year ended 31 December 2022 compared to year ended 31 December 2021

Revenue

Our revenue increased by 20.6% from RMB201.7 million for the year ended 31 December 2021 to RMB243.3 million for the year ended 31 December 2022, which was mainly due to (i) the increase in our revenue from the provision of integrated IT solutions services from RMB169.3 million to RMB198.5 million; and (ii) the increase in revenue generated from sales of hardware and/or software from RMB26.8 million to RMB41.0 million, partially offset by the decrease in revenue from the provision of standalone IT services from RMB5.6 million to RMB3.8 million.

- *Integrated IT solutions services.* Our revenue generated from the provision of integrated IT solutions services increased by 17.2% from RMB169.3 million for the year ended 31 December 2021 to RMB198.5 million for the year ended 31 December 2022, primarily due to our continuous effort in expanding our market share in the education IT solutions market under the expanding market backdrop, thereby securing integrated IT solutions services projects with larger contract sum from customers in the education sector.

- *Sales of hardware and/or software.* Our revenue generated from the sales of hardware and/or software increased by 53.0% from RMB26.8 million for the year ended 31 December 2021 to RMB41.0 million for the year ended 31 December 2022, primarily because of our increased market presence as a result of our business expansion in our integrated IT solutions services business, which is our main business, and our continuous marketing effort under the expanding market backdrop. As a result, we have secured orders from new customers in 2022 for sales of hardware and/or software.

- *Standalone IT services.* Our revenue generated from the provision of standalone IT services decreased by 32.1% from RMB5.6 million for the year ended 31 December 2021 to RMB3.8 million for the year ended 31 December 2022, primarily because several warranty contracts in 2022 were entered into close to the year end, where the revenue is recognised over the term of the warranty which goes beyond 2022.

Cost of sales

Our cost of sales increased by 34.7% from RMB102.9 million for the year ended 31 December 2021 to RMB138.6 million for the year ended 31 December 2022. The increase was primarily due to the increase in procurement costs for hardware and software by RMB48.1 million as a result of the increase in revenue from integrated IT solutions services and sales of hardware and/or software.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 5.9% from RMB98.9 million for the year ended 31 December 2021 to RMB104.7 million for the year ended 31 December 2022. Our gross profit margin decreased from 49.0% for the year ended 31 December 2021 to 43.0% for the year ended 31 December 2022, primarily due to (i) the substantial completion of projects secured from Digital Guangxi with some of the relevant revenue recognised on net basis by 2021; (ii) the lower gross profit margin derived from two new customers secured in late 2021 and 2022 for sales of hardware and/or software which did not require provision of installation services; and (iii) the incurrence of more staff cost for our standalone IT services as more projects required stationed staff for the year ended 31 December 2022.

Other net income

Our other net income decreased by 16.7% from RMB4.8 million for the year ended 31 December 2021 to RMB4.0 million for the year ended 31 December 2022, which was mainly attributable to (i) the decrease in government grant of RMB2.3 million mainly as a result of the absence of non-recurring interest subsidy received from a local government authority, partially offset by net foreign exchange gain of RMB1.0 million arising from depreciation of Renminbi against Hong Kong dollar.

Selling expenses

Our selling expenses decreased by 13.9% from RMB7.9 million for the year ended 31 December 2021 to RMB6.8 million for the year ended 31 December 2022, which was mainly attributable to (i) the decrease in staff costs of RMB0.6 million mainly as a result of the decrease in average monthly headcount of sales and marketing staff from 47 for the year ended 31 December 2021 to 32 for the year ended 31 December 2022; and (ii) the decrease in warranty expenses of RMB0.3 million as the projects required fewer warranty services.

Administrative expenses

Our administrative expenses increased by 19.4% from RMB25.8 million for the year ended 31 December 2021 to RMB30.8 million for the year ended 31 December 2022, which was mainly attributable to (i) the increase in impairment losses recognised for trade and other receivables and contract assets of RMB5.6 million mainly as a result of the increase in trade receivables, particularly those past due 6 months or above; and (ii) the increase in staff costs of RMB1.6 million as a result of the increase in average salary, partially offset by the decrease in Listing expenses of RMB2.3 million.

Research and development expenses

Our research and development expenses decreased by 17.4% from RMB6.9 million for the year ended 31 December 2021 to RMB5.7 million for the year ended 31 December 2022, mainly because more software development costs were capitalised for the year ended 31 December 2022 as more staff resources were allocated on software development projects which were beyond the research stage. As a result, we recorded an addition of capitalised development costs of RMB8.8 million for the year ended 31 December 2022, as compared with RMB7.1 million for the year ended 31 December 2021.

Finance costs

Our finance costs remained relatively stable at RMB8.2 million and RMB8.9 million for the years ended 31 December 2021 and 2022, respectively.

Share of loss of an associate

Our share of loss of an associate amounted to RMB0.1 million and nil for the years ended 31 December 2021 and 2022, respectively. The decrease was mainly because the relevant associate became a non-wholly owned subsidiary of our Group on 21 April 2021.

Share of loss of a joint venture

We recorded insignificant share of loss of a joint venture of RMB33,000 and RMB88,000 for the years ended 31 December 2021 and 2022, respectively.

Income tax expense

Our income tax expense decreased by 16.5% from RMB8.5 million for the year ended 31 December 2021 to RMB7.1 million for the year ended 31 December 2022 and our effective tax rate decreased from 15.5% for the year ended 31 December 2021 to 12.7% for the year ended 31 December 2022, mainly attributable to (i) preferential tax treatment of 15% enjoyed by Guangxi Silunjie and Nanning Maiyue; and (ii) the effect on deferred tax balances resulting from a change in tax rate from 9% to 15% of Guangxi Silunjie.

Profit for the year

As a result of the foregoing, our profit for the year increased by 6.0% from RMB46.3 million for the year ended 31 December 2021 to RMB49.1 million for the year ended 31 December 2022. Our net profit margin decreased from 22.9% to 20.2% for the corresponding years, primarily due to the decrease in gross profit margin.

Year ended 31 December 2021 compared to year ended 31 December 2020

Revenue

Our revenue slightly decreased by 2.6% from RMB207.1 million for the year ended 31 December 2020 to RMB201.7 million for the year ended 31 December 2021, which was mainly due to the decrease in our revenue from the provision of integrated IT solutions services from RMB189.5 million to RMB169.3 million, partially offset by the increase in our revenue generated from sales of hardware and/or software from RMB12.2 million to RMB26.8 million for the respective period.

- *Integrated IT solutions services.* Our revenue generated from the provision of integrated IT solutions services decreased by 10.7% from RMB189.5 million for the year ended 31 December 2020 to RMB169.3 million for the year ended 31 December 2021, primarily due to (i) the decreased number of projects tendered and accepted in the education sector as a result of the devotion of our significant resource in the increased workload in the government sector during the year; and (ii) certain revenue derived from the government sector was recognised on net basis under the Digital Guangxi Tripartite Agreements as we acted as an agent for the sales of software on behalf of the third-party software suppliers to Digital Guangxi during the year.

- *Sales of hardware and/or software.* Our revenue generated from the sales of hardware and/or software increased by 119.7% from RMB12.2 million for the year ended 31 December 2020 to RMB26.8 million for the year ended 31 December 2021, primarily due to (i) the increase in the number of customers purchasing hardware from us due to our increased market presence as a result of our business expansion in our integrated IT solutions services business, which is our main business, and our continuous marketing effort under the expanding market backdrop; (ii) the expansion of distribution channel to industry related online procurement platforms for the sales of hardware; and (iii) the increase in sales of self-developed software during the year, as a result of our continuous research and development effort.

- *Standalone IT services.* Our revenue generated from the provision of standalone IT services remained relatively stable at RMB5.4 million and RMB5.6 million for the years ended 31 December 2020 and 2021, respectively.

Cost of sales

Our cost of sales decreased by 21.9% from RMB131.7 million for the year ended 31 December 2020 to RMB102.9 million for the year ended 31 December 2021. The decrease was primarily due to the decrease in procurement costs for hardware and software by RMB34.6 million resulted from the relevant procurement costs for hardware and software incurred under the Digital Guangxi Tripartite Agreements not being accounted in cost of sales as we recognised the relevant revenue on net revenue basis, partially offset by the increase in amortisation costs of RMB2.9 million which was in line with our increased number of self-developed software.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 31.2% from RMB75.4 million for the year ended 31 December 2020 to RMB98.9 million for the year ended 31 December 2021. Our gross profit margin increased from 36.4% to 49.0% for the corresponding years. Our increased gross profit margin was primarily due to (i) out of the revenue of RMB13.3 million from the Digital Guangxi Tripartite Agreements, revenue of RMB5.1 million was recognised on net basis after deducting the relevant software supplier cost which resulted in a higher gross profit margin of 95.8% recognised for the year; (ii) our effort in pursuing additional integrated IT solutions projects incorporating our self-developed software with higher gross profit margin of 78.5% as we were able to reduce the procurement costs incurred on purchasing software from third parties; and (iii) the higher gross profit margin derived from the sales of hardware and/or software from 15.6% to 38.7% for the corresponding years as there was an increase in sales of self-developed software and provision of installation services to customers, both of which render a higher profitability, during the year.

Other net income

Our other net income remained relatively stable at RMB5.1 million and RMB4.8 million for the years ended 31 December 2020 and 2021, respectively.

Selling expenses

Our selling expenses increased significantly by 71.7% from RMB4.6 million for the year ended 31 December 2020 to RMB7.9 million for the year ended 31 December 2021, which was mainly attributable to (i) the increase in staff costs of RMB2.2 million resulted from an increase in number of headcount of selling personnel; (ii) the increase in advertising and promotion expenses of RMB0.4 million; and (iii) the increase in travelling expenses of RMB0.3 million.

Administrative expenses

Our administrative expenses increased by 30.3% from RMB19.8 million for the year ended 31 December 2020 to RMB25.8 million for the year ended 31 December 2021, which was mainly attributable to (i) the increase in listing expenses of RMB4.7 million; and (ii) increase in staff costs of RMB1.5 million resulted from an increase in number of headcount of administrative personnel, partially offset by the decrease in impairment losses recognised for trade and other receivables and contract assets of RMB3.0 million due to (i) the seasonality effect of our integrated IT solutions services which resulted in majority of revenue being recognised in the fourth quarter of the year and the relevant trade receivables being considered current and not yet due for payment; (ii) our acceleration of aged receivables collection during the year; and (iii) the receivable balance derived from Digital Guangxi not yet due for payment as the contract value would be settled by instalments. See "Business — Tripartite agreements — Digital Guangxi Tripartite agreements" for details.

Research and development expenses

Our research and development expenses increased by 3.0% from RMB6.7 million for the year ended 31 December 2020 to RMB6.9 million for the year ended 31 December 2021, which was mainly attributable to the increase in project development expenses of RMB0.5 million.

Finance costs

Our finance costs increased by 49.1% from RMB5.5 million for the year ended 31 December 2020 to RMB8.2 million for the year ended 31 December 2021, which was mainly attributable to the increase in interest on bank and other loans of RMB2.8 million due to the increase in bank and other loans by RMB34.2 million as at 31 December 2021.

Share of loss of an associate

Our share of loss of an associate amounted to RMB0.1 million for the year ended 31 December 2021. The share of loss of an associate was attributable to the loss recorded by the associate resulted from the administrative expenses incurred during the year.

Share of loss of a joint venture

Our share of loss of a joint venture amounted to RMB33,000 for the year ended 31 December 2021. Such loss was attributable to the administrative expenses incurred in commencement of operating Fangchenggang City Investment Digital in December 2021.

Income tax expense

Our income tax expense increased by 57.4% from RMB5.4 million for the year ended 31 December 2020 to RMB8.5 million for the year ended 31 December 2021, which was attributable to an increase of our profit before taxation from RMB44.8 million to RMB54.8 million for the corresponding years. Our effective tax rates were 12.0% and 15.5% for the corresponding years. The effective tax rate slightly increased to 15.5% for the year ended 31 December 2021 was mainly attributable to the increased loss for year derived from our Company while our Group is not subject to any income tax in the Cayman Islands.

Profit for the year

As a result of the foregoing, our net profit increased by 17.5% from RMB39.4 million for the year ended 31 December 2020 to RMB46.3 million for the year ended 31 December 2021. Our net profit margin increased from 19.0% to 22.9% for the corresponding years, primarily due to the higher gross profit margin recorded for the year ended 31 December 2021.

LIQUIDITY AND FINANCIAL RESOURCES

The following table sets forth our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December			As at 30 April	As at 31 July
	2020	2021	2022	2023	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
CURRENT ASSETS					
Inventories	3,346	2,287	4,460	8,559	27,526
Contract assets	7,413	7,871	22,630	19,278	15,121
Trade and other receivables	151,051	235,010	261,369	257,096	241,681
Pledged bank deposits	—	79	2,743	1,365	1
Cash and cash equivalents	56,116	49,156	62,601	3,864	11,970
	217,926	294,403	353,803	290,162	296,299
Non-current assets classified as held for sale	—	—	96,192	—	—
Total	217,926	294,403	449,995	290,162	296,299
CURRENT LIABILITIES					
Trade and other payables	84,756	149,638	75,111	57,554	37,921
Contract liabilities	597	937	3,018	1,122	4,337
Lease liabilities	771	1,128	421	453	333
Bank and other loans	32,537	68,617	86,057	61,988	103,423
Convertible bond	8,022	—	—	—	—
Current taxation	9,040	8,544	5,169	4,757	108
	135,723	228,864	169,776	125,874	146,122
Liabilities directly associated with non-current assets classified as held for sale	—	—	58,932	—	—
Total	135,723	228,864	228,708	125,874	146,122
NET CURRENT ASSETS	82,203	65,539	221,287	164,288	150,177

We recorded net current assets of RMB82.2 million, RMB65.5 million, RMB221.3 million, RMB164.3 million and RMB150.2 million as at 31 December 2020, 2021 and 2022, 30 April 2023 and 31 July 2023, respectively.

Our net current assets decreased from RMB82.2 million as at 31 December 2020 to RMB65.5 million as at 31 December 2021, which was mainly due to (i) the increase in trade and other payables of RMB64.9 million; and (ii) the increase in bank and other loans of RMB36.1 million, partially offset by the increase in trade and other receivables of RMB84.0 million.

Our net current assets increased from RMB65.5 million as at 31 December 2021 to RMB221.3 million as at 31 December 2022, which was mainly due to (i) the increase in non-current assets classified as held for sale of RMB96.2 million; (ii) the decrease in trade and other payables of RMB74.5 million; (iii) the increase in trade and other receivables of RMB26.4 million; (iv) the increase in contract assets of RMB14.8 million; and (v) the increase in cash and cash equivalents of RMB13.4 million, partially offset by (i) the increase in liabilities directly associated with non-current assets classified as held for sale of RMB58.9 million; and (ii) the increase in bank and other loans of RMB17.5 million.

Our net current assets decreased from RMB221.3 million as at 31 December 2022 to RMB164.3 million as at 30 April 2023, which was mainly due to (i) the decrease in non-current assets classified as held for sale of RMB96.2 million; and (ii) the decrease in cash and cash equivalents of RMB58.7 million, partially offset by (i) the decrease in liabilities directly associated with non-current assets classified as held for sale of RMB58.9 million; (ii) the decrease in bank and other loans of RMB24.1 million; and (iii) the decrease in trade and other payables of RMB17.6 million.

Our net current assets slightly decreased from RMB164.3 million as at 30 April 2023 to RMB150.2 million as at 31 July 2023, which was mainly due to (i) the increase in bank and other loans of RMB41.4 million; and (ii) the decrease in trade and other receivables of RMB15.4 million, partially offset by (i) the decrease in trade and other payables of RMB19.6 million; (ii) the increase in inventories of RMB19.0 million; and (iii) the increase in cash and cash equivalents of RMB8.1 million.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

During the Track Record Period, our property, plant and equipment consisted mainly of buildings, motor vehicles, leasehold land, rights-of-use assets and construction in progress. As at 31 December 2020, 2021 and 2022 and 30 April 2023, the net carrying amount of our property, plant and equipment were RMB40.5 million, RMB106.2 million, RMB10.9 million and RMB10.6 million, respectively. Our property, plant and equipment increased from RMB40.5 million as at 31 December 2020 to RMB106.2 million as at 31 December 2021 which was mainly due to additions to construction in progress. See “Business — Properties — Owned properties” for details. Our property, plant and equipment decreased to RMB10.9 million as at 31 December 2022 which was mainly due to the reclassification of construction in progress to assets classified as held for sale according to the capital contribution agreement signed with Guangxi Qianlong. Our property, plant and equipment remained relatively stable at RMB10.6 million as at 30 April 2023.

Intangible assets

Our intangible assets were capitalised development costs which amounted to RMB6.3 million, RMB8.6 million, RMB10.8 million and RMB12.0 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. The increase in our intangible assets in 2020, 2021 and 2022 and 30 April 2023 was primarily due to the additions on capitalised development costs through our internal development, which was generally in line with the increased number of self-developed software. The capitalised development costs refer to the expenditure incurred on projects to develop software for customers. The capitalised development costs will be amortised on the straight-line basis over its estimated useful lives of two years, commencing from the date when the software is put into commercial use.

Interest in an associate

Our interest in an associate refers to the share of net assets of Shuguang Maiyue which amounted to RMB5.8 million, nil, nil and nil as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. Our Group held 49% of equity interest in the associate who principally engaged in the provision of integrated IT solutions services since its establishment to 20 April 2021.

On 21 April 2021, our Group entered into a capital injection agreement with Digital Guangxi under which our Group increased its investments by RMB2,041,000 to RMB26,541,000, our Group owned 51% of equity in Shuguang Maiyue since the date of the agreement. Since our Group obtained control over Shuguang Maiyue, it is accounted as a non-wholly owned subsidiary from 21 April 2021. The capital injection into Shuguang Maiyue constituted an acquisition of major subsidiary on 21 April 2021.

Interest in a joint venture

Our interest in a joint venture refers to our investment in Fangchenggang City Investment Digital which was established on 25 November 2020. Our Group held 65% of equity interest in the joint venture but we are only able to exercise common control in the joint venture. The joint venture has started operation in December 2021.

Our interest in a joint venture amounted to RMB2.0 million, RMB1.9 million, RMB1.8 million and RMB1.8 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively.

Disposal group

Our disposal group comprised the following assets and liabilities as at 31 December 2022.

	As at 31 December 2022
	RMB'000
Non-current assets classified as held for sale	
Construction in progress	87,216
Leasehold land	8,976
	96,192
Liabilities directly associated with non-current assets classified as held for sale	
Other payables related to business park	(58,932)

On 8 April 2021, our Group made capital contribution to Guangxi Qianyue based on the value of land use right and construction in progress of the Business Park net of the payables for the construction. As at 31 December 2022, the procedures of transferring property right to Guangxi Qianyue are not yet completed, and our Group had reclassified the disposal group as non-current assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale separately.

The procedures of transferring property right have been completed in April 2023 and our Group designated the investment in Guangxi Qianyue at equity securities designated at fair value through other comprehensive income ("**FVOCI**").

Equity securities designated at fair value through other comprehensive income

The FVOCI represents investment in unlisted equity interest of Guangxi Qianyue which is established in the PRC and principally engaged in the development of a business park. Our Group holds 19% of Guangxi Qianyue's equity interest and completed the capital injection on 26 April 2023. In accordance with the memorandum and article of Guangxi Qianyue, relevant activities of the entity require consent with simple majority of shareholding. Our Group has no right to appoint any director and does not participate in the operation of Guangxi Qianyue, therefore our Group cannot exercise significant influence over Guangxi Qianyue.

Our Group designated its investment in Guangxi Qianyue at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends were received and no significant gains or loss recognised in other comprehensive income on this investment during the Track Record Period.

Inventories

The following table sets forth the breakdown of our inventories as at the dates indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Software	257	581	858	2,221
Hardware	3,089	1,706	3,602	6,338
	3,346	2,287	4,460	8,559

Our inventories consist of software products and hardware products. We generally place orders with our suppliers upon receiving confirmation of orders from our customers to reduce risk exposure to obsolete or slow-moving stock. Hence, majority of our inventories as at year end represents orders to be delivered to our customers after year end. Our inventories amounted to RMB3.3 million, RMB2.3 million, RMB4.5 million and RMB8.6 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. Our inventories decreased to RMB2.3 million as at 31 December 2021, primarily due to our Group's strategy to reduce inventory level. Our inventories then increased to RMB4.5 million as at 31 December 2022, primarily due to stocking-up of hardware for ongoing projects as a result of the increase in the number of ongoing projects. Our inventories increased to RMB8.6 million as at 30 April 2023, primarily due to the increase in the number of ongoing projects compared with year end.

The following table sets forth the turnover days of inventories for the years/period indicated:

	Years ended 31 December			Four months ended 30 April
	2020	2021	2022	2023
Average inventory turnover days*(Note)*	12	10	9	112

Note: Average inventory turnover days is derived from dividing the arithmetic mean of the opening and closing balances of inventories by our total cost of sales in the respective years/period and multiplying by the number of days in that year/period.

Our average inventory turnover days were 12 days, 10 days, 9 days and 112 days for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, respectively. The decrease of our inventory turnover days for the year ended 31 December 2021 was primarily due to our Group's strategy to reduce inventory level. The inventory turnover days remained relatively stable at 9 days for the year ended 31 December 2022. The increase in inventory turnover days from 9 days for the year ended 31 December 2022 to 112 days for the four months ended 30 April 2023 was mainly due to the increase in inventories for ongoing projects while the amount of cost of sales recognised for the first four months is insignificant as compared with the full year due to seasonality effect.

As at the Latest Practicable Date, RMB6.1 million or 71.0% of the inventories as at 30 April 2023 were utilised or sold. Nonetheless, since a substantial part of the remaining inventories had already been allocated to our ongoing projects and their utilisations are only subject to the user acceptance tests by the customers, our Directors were of the view that there was no recoverability issue in respect of the unutilised inventories.

Contract assets

Contract assets represented revenue earned from the provision of services that can be recognised as at year end yet the receipt of consideration is conditional on the end of the retention period after the completion of the project or reaching the billing milestones. Upon the end of the retention period or reaching the billing milestones when the rights to the payments become unconditional, the amount recognised as contract assets are reclassified to trade receivables.

Our Group typically agrees to retention money for 1% to 10% of the contract value. The retention period normally ranges from one to seven years upon the completion of work. The amount is included in contract assets until the end of the retention period as our Group's entitlement to final payment is conditional on our Group's projects keep properly functioning throughout the retention period.

The following table sets forth the breakdown of our contract assets by nature as at the dates indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Arising from performance under provision of integrated IT solution services contracts				
— Retention money	10,606	10,861	6,016	5,478
— Rights to consideration for work completed but not yet reached the billing milestone	—	—	17,698	14,782
Less: loss allowance	(3,193)	(2,990)	(1,084)	(982)
	7,413	7,871	22,630	19,278

The following table sets forth the breakdown of our contract assets from related parties and independent third parties as at the dates indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Arising from performance under provision of integrated IT solution services contracts				
— Independent third parties	9,876	9,062	21,752	18,298
— Related parties	730	1,799	1,962	1,962
Less: loss allowance	(3,193)	(2,990)	(1,084)	(982)
	7,413	7,871	22,630	19,278

Our contract assets consisted of retention money and rights to consideration for work completed but not yet reached the billing milestones which amounted to RMB7.4 million, RMB7.9 million, RMB22.6 million and RMB19.3 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. Our contract asset remained relatively stable at RMB7.9 million as at 31 December 2021. Our contract assets significantly increased by 186.1% to RMB22.6 million as at 31 December 2022, which was mainly due to the rights to consideration of RMB17.7 million for work completed in 2022 but not yet reached the billing milestone by the end of 2022.

Such rights to consideration of RMB17.7 million involves four integrated IT solution projects with independent third parties customers. For two of these projects with a total contract sum of RMB10.1 million, we recognised revenue when the customers had accepted the products sold and services provided by us upon passing of the respective user acceptance tests during the year ended 31 December 2022. However, the relevant customers were only required to pay us upon receipt of payment from the end users pursuant to the contract terms. As such, our rights to consideration were not unconditional as at 31 December 2022 and therefore contract assets were recognised. For the period from 1 January 2023 to the Latest Practicable Date, the total contract sum of RMB10.1 million has been settled.

For the remaining two projects with a total contract sum of RMB11.6 million while the customers have accepted the products sold by us during the respective initial user acceptance tests conducted during the year ended 31 December 2022, we are required to perform some follow-up integration work after passing of the initial user acceptance tests in accordance with the contract terms, and such work is expected to be completed by December 2023. While the revenue in relation to the products sold was recognised when the products had been accepted by the customers, part of the amount is only required to be settled upon completion of our follow-up integration work according to the contract terms, and such outstanding performance obligation on the part of us constitutes a condition to our rights to receive that part of the consideration. As a result, our rights to such amount of consideration were not unconditional as at 31 December 2022 and therefore the respective amount of contract assets was recognised.

Our contract assets decreased by 14.6% to RMB19.3 million as at 30 April 2023, which was mainly due to settlement from an IT services provider for two of the projects mentioned above.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, contract assets amounted to RMB5.0 million, RMB5.4 million, RMB14.1 million and RMB7.7 million, which accounted for 66.9%, 68.9%, 62.4% and 39.9% of contract assets, respectively, is expected to be recovered after more than one year.

As at the Latest Practicable Date, RMB7.5 million or 37.0% of the contract assets as at 30 April 2023 were certified. Nonetheless, as illustrated above, since most of the remaining contract assets are only conditional on the end of the retention period after the completion of the project or reaching the billing milestones and there is no circumstances suggesting that the end of the retention period or the billing milestones cannot be reached, our Directors were of the view that there was no recoverability issue in respect of the uncertified contract assets.

Trade and other receivables

Our trade and other receivable primarily consisted of trade receivables, loss allowance, amounts due from shareholders, amounts due from other related parties, and other deposits, prepayments and receivables. The following table sets forth the breakdown of our trade and other receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
— third parties	70,867	110,080	209,469	190,855
— related parties	62,597	100,875	7,672	1,673
Less: loss allowance	(9,161)	(10,184)	(18,481)	(25,072)
	124,303	200,771	198,660	167,456
Amounts due from shareholders	13,914	—	—	—
Amounts due from other related parties	—	55	6,093	6,093
Other deposits, prepayments and receivables	12,834	34,184	56,616	83,547
	151,051	235,010	261,369	257,096

Trade receivables

Our trade receivables primarily represented the outstanding amounts receivable from our customers for our integrated IT solutions services, sales of hardware and/or software and standalone IT services. Our trade receivables amounted to RMB133.5 million, RMB211.0 million, RMB217.1 million and RMB192.5 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively.

Ageing

The following table sets forth the ageing analysis of our trade receivables based on the invoice date/transaction date and after the recognition of impairment loss as at the dates indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	97,159	95,106	113,535	3,482
Over 1 month but within 3 months	12,479	2,198	1,801	261
Over 3 months but within 6 months	6,776	73,242	41,548	103,727
Over 6 months but within 1 year	2,811	2,299	3,490	31,166
Over 1 year but within 2 years	2,968	24,998	29,399	22,595
Over 2 years but within 3 years	790	1,901	5,877	1,497
Over 3 years	1,320	1,027	3,010	4,728
	124,303	200,771	198,660	167,456

The following table sets forth the ageing analysis of our gross trade receivables from related parties and independent third parties based on the invoice date/transaction date as at the dates indicated and the relevant subsequent settlement as at the Latest Practicable Date:

	As at 31 December			As at 30 April	Subsequent settlement as at the Latest Practicable Date	Gross trade receivables not subsequently settled as at the Latest Practicable Date
	2020	2021	2022	2023		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Independent third parties						
Within 1 month	35,357	74,490	116,164	5,622	4,608	1,014
Over 1 month but within 3 months	12,838	2,260	1,848	221	2	219
Over 3 months but within 6 months	7,097	14,386	38,619	107,007	12,669	94,338
Over 6 months but within 1 year	3,043	2,407	4,044	33,768	20,556	13,212
Over 1 year but within 2 years	5,390	9,655	33,167	31,170	8,443	22,727
Over 2 years but within 3 years	3,370	3,947	11,514	5,010	1,756	3,254
Over 3 years	3,772	2,935	4,113	8,057	5,047	3,010
	70,867	110,080	209,469	190,855	53,081	137,774

	As at 31 December			As at 30 April	Subsequent settlement as at the Latest Practicable Date	Gross trade receivables not subsequently settled as at the Latest Practicable Date
	2020	2021	2022	2023		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Related parties						
Within 1 month	62,597	21,884	30	30	—	30
Over 1 month but within 3 months	—	—	60	60	—	60
Over 3 months but within 6 months	—	60,496	5,454	90	—	90
Over 6 months but within 1 year	—	—	—	1,493	—	1,493
Over 1 year but within 2 years	—	18,495	2,128	—	—	—
	62,597	100,875	7,672	1,673	—	1,673
	133,464	210,955	217,141	192,528	53,081	139,447

Our trade receivables increased by 58.1% from RMB133.5 million as at 31 December 2020 to RMB211.0 million as at 31 December 2021 which was primarily attributable to (i) the increase in receivables balance by RMB62.2 million derived from Digital Guangxi, who is a related party and to whom our Group granted longer payment period with 50% of the contract value to be settled after the completion of the Master Project, see "Business — Tripartite agreements — Digital Guangxi Tripartite agreements" for details; and (iii) majority of our projects were merely completed around the 2021 year end and those trade receivables were not yet due as at 31 December 2021. See "— Trade Receivable due from Digital Guangxi" below in this subsection for further details.

Our trade receivables slightly increased from RMB211.0 million as at 31 December 2021 to RMB217.1 million as at 31 December 2022, mainly because of the increase in trade receivables balance due from independent third parties, offset by the decrease of the amount due from Digital Guangxi. The increase in trade receivables balance due from independent third parties was mainly due to (i) the increase in revenue from independent third parties for the year ended 31 December 2022 and majority of our projects were merely completed around the 2022 year end and those trade receivables were not yet due as at 31 December 2022; and (ii) the long-aged trade receivables, in particular trade receivables aged over one year, increased as a result of (a) the receivable balance of RMB13.4 million in total derived from two independent third parties to whom we granted longer payment period, under which certain receivables will be settled after the final inspection of the customers and (b) delay in settlement of trade receivables due from certain independent third parties during the year ended 31 December 2022. See "— Recoverability" below for further details of the recoverability of our long-aged trade receivables.

Our trade receivables decreased by 11.3% from RMB217.1 million as at 31 December 2022 to RMB192.5 million as at 30 April 2023, primarily attributable to the seasonality effect which resulted in larger amount of trade receivables recorded at the year end as recognition of revenue is concentrated during the last quarter of the year.

During the Track Record Period, a majority of our customers generally settled the payment within 360 days. However, having considered that (i) given our relatively limited scale of operation, in order to obtain some sizeable projects, we may have less bargaining power and thus have to compromise by offering more favourable terms; and (ii) we intend to establish long-term business relationship with education institutions, government authorities and IT services providers of strategic importance who are not financially distressed based on the communication with the customers by our project managers, we occasionally granted longer payment periods to limited number of customers, such as Customer X, which was allowed to pay by instalments over a period of four years after the user acceptance test has been passed.

As a result, a large amount of the trade receivables as at 31 December 2020, 2021, 2022 and 30 April 2023 were considered current and not due for payment at the end of each financial year/period. In particular, a large amount of trade receivables as at 30 April 2023 had long age and had not been settled as at the Latest Practicable Date as they are not due for payment yet according to contract terms.

In particular, as at 30 April 2023, the receivables from Customer X amounted to approximately RMB93.5 million, out of which RMB28.8 million has been due for payment in January 2023, and the remaining RMB28.6 million, RMB18.5 million, RMB8.9 million and RMB8.7 million will be due by the end of 2023, 2024, 2025 and 2026, respectively, in accordance with the contract terms of Project R. As at the Latest Practicable Date, RMB3.0 million has been settled. To the best knowledge of the Directors, the reason that the remaining part of the first instalment has not been settled was due to the delay in receiving the government fundings in time by Customer X and it is expected that Customer X will settle such amount by December 2023.

Customer X is the education bureau of Binyang County, Nanning City, Guangxi. Since it is a government authority, the overall expenditure for each of its projects, including that under Project R, is entirely financed by government fundings and requires prior approval by the finance bureau of the county before the project tendering process. As governed by regulations, the finance bureau has to ensure the government fundings budgeted to be allocated to Customer X each year could cover the amounts payable of Customer X for the year. According to public information, the government fundings budgeted to be allocated to Customer X for project expenditure in 2023 amounted to around RMB300 million. For 2020 and 2021, the government fundings actually received by Customer X for each year amounted to around RMB264 million and RMB88 million, both exceeded the budgeted amount for the respective year. For 2022, the budgeted amount was around RMB91 million while the actual amount has not been published as at the Latest Practicable Date.

Binyang County is a county under the administration of Nanning City, the capital of Guangxi. For the first half of 2023, the economy of Binyang County remained stable with gross domestic product of around RMB15 billion recorded, representing an increase of 0.1% as compared with the corresponding period in 2022. According to public information, Binyang County government has been spending consistent levels of expenditure on education sector amounting to over RMB1.6 billion for each year during 2019 to 2022, and it is expected such amount will increase in the coming years due to national policy which requires public expenditure on education sector for each year to be not less than that of the previous year in order to drive education development.

Based on the above, and taking into account that we are not aware of any litigation of Customer X that might affect their repayment ability and we do not have any material disputes nor disagreements with them on trade receivables, our Directors were of the view that there shall be no recoverability issue in respect of the outstanding trade receivables from Customer X.

See "— Recoverability" below for further details of the recoverability of our overdue trade receivables.

Trade Receivables due from Digital Guangxi

During the Track Record Period, we entered into (i) five Digital Guangxi Tripartite Agreements with Digital Guangxi and our respective suppliers; and (ii) several other projects with Digital Guangxi. As illustrated below, we granted longer payment period to Digital Guangxi whose contract value would be settled by instalments with 50% of the contract value to be settled after the completion of the Master Project, see "Business — Tripartite agreements — Digital Guangxi Tripartite agreements" for details. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, the revenue generated under the Digital Guangxi Tripartite Agreements amounted to RMB8.6 million, RMB13.3 million, RMB0.8 million and RMB41,000, respectively, while revenue generated under those other projects with Digital Guangxi amounted to nil, RMB33.5 million, RMB4.3 million and nil. The following table sets forth the breakdown of our trade receivables due from Digital Guangxi based on the type of contract as at the dates indicated:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Digital Guangxi Tripartite Agreements	37,584	76,378	683	802
Other projects	—	23,381	6,659	871
	37,584	99,759	7,342	1,673

- Digital Guangxi Tripartite Agreements

  As detailed in "Business — Our Customers — Tripartite Agreements — Digital Guangxi Tripartite Agreements", similar arrangements were adopted under the five Digital Guangxi Tripartite Agreements. In essence, our projects under these Digital Guangxi Tripartite Agreements were part of government master projects which involved work done by different service providers other than us and we were not responsible for any work done under the government master projects other than those under the Digital Guangxi Tripartite Agreements. The user acceptance test on our work done under each of the Digital Guangxi Tripartite Agreements (collectively, "**Tripartite Acceptance Tests**") had been conducted before the completion and overall acceptance of the government master projects ("**Master Project Acceptance**"). As Digital Guangxi had accepted the products sold and services provided by us (save for maintenance works after project completion) upon passing of the Tripartite Acceptance Tests, revenue was recognised in accordance with the relevant accounting policies adopted by us, despite a significant portion of the contract sum was only required to be settled after the Master Project Acceptance.

  For the avoidance of doubt, after the passing of the Tripartite Acceptance Tests, we were only responsible for provision of maintenance service for the work done under the Digital Guangxi Tripartite Agreements. The Master Project Acceptance was merely considered as a routine procedure conducted upon the completion of each of the government master projects for payment of the contract value in respect of our work done under the relevant Digital Guangxi Tripartite Agreement, instead of substantive examination of our work done. Therefore, the Master Project Acceptance only served as a milestone for the settlement of the relevant contract value.

The following table sets forth the dates of commencement, Tripartite Acceptance Test and Master Project Acceptance of, as well as our revenue recognised during the Track Record Period for, each of the five Digital Guangxi Tripartite Agreements:

	Date of commencement	Date of Tripartite Acceptance Test	Date of Master Project Acceptance	Revenue recognised during: Year ended 31 December 2020	2021	2022	Four months ended 30 April 2023
				RMB'000	RMB'000	RMB'000	RMB'000
Digital Guangxi Tripartite Agreement A	November 2020	December 2020	September 2022	8,581	1,764[(1)]	216[(1)]	72[(1)]
Digital Guangxi Tripartite Agreement B	March 2021	September 2021	September 2022	—	8,316	75[(1)]	26[(1)]
Digital Guangxi Tripartite Agreement C	March 2021	September 2021	September 2022	—	1,385	40[(1)]	13[(1)]
Digital Guangxi Tripartite Agreement D	March 2021	September 2021	September 2022	—	1,005	28[(1)]	9[(1)]
Digital Guangxi Tripartite Agreement E	March 2021	September 2021	June 2022	—	847	27[(1)]	9[(1)]

Note:

1. These represent or include revenue attributable to maintenance works after the completion of the projects.

The increase in receivables balance derived from Digital Guangxi as at 31 December 2020 and 2021 was greater than the revenue generated for the years ended 31 December 2020 and 2021 mainly because a portion of the revenue of RMB8.6 million and RMB13.3 million generated from the Digital Guangxi Tripartite Agreements was recognised on net basis after deducting the relevant software supplier cost, while the entire trade receivables of RMB37.6 million and RMB76.4 million were recorded on gross basis i.e. without deduction of any supplier costs.

We recognised a portion of revenue on net basis because, under the Digital Guangxi Tripartite Agreements, in relation to the sale of software, we were regarded as an agent pursuant to the relevant accounting standards and policies. We do not control the specified software before the software are transferred to Digital Guangxi, and we have no discretion in establishing price and are not responsible for the quality of the software. On the other hand, since we had unconditional rights to the gross amount of consideration from Digital Guangxi, we recorded the entire trade receivables on gross basis according to the relevant accounting policies.

Turnover days

The following table sets forth the turnover days of trade receivables and contract assets for the years/period indicated:

	Years ended 31 December			Four months ended 30 April
	2020	2021	2022	2023
Trade receivables turnover days [(1)] . .	177	295	300	2,543
Trade receivables turnover days excluding the Digital Guangxi Tripartite Agreements[(2)]	150	205	244	2,571
Trade receivables and contract assets turnover days[(3)]	190	308	323	2,834

Notes:

(1) Trade receivables turnover days was derived from dividing the arithmetic mean of the opening and closing balances of trade receivables by our total revenue in the respective years/period and multiplying by the number of days in that year/period.

(2) Trade receivables turnover days was derived from dividing the arithmetic mean of the opening and closing balance of trade receivables excluding the Digital Guangxi Tripartite Agreements for the relevant years/period by our total revenue excluding the Digital Guangxi Tripartite Agreements in the respective years/period and multiplying by the number of days in that year/period.

(3) Trade receivables and contract assets turnover days was derived from dividing the arithmetic mean of the opening and closing balances of trade receivables and contract assets by our total revenue in the respective years/period and multiplying by the number of days in that year/period.

Our average trade receivables turnover days were 177 days, 295 days, 300 days and 2,543 days for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, respectively.

Due to the inherent seasonality of our business, a majority of our revenue and the corresponding trade receivables is recognised during the fourth quarter, in particular, December of the year. As a result, due to the credit period granted to customers, a majority of the trade receivables recognised during the fourth quarter of the year has not been due nor settled as at year end yet and we therefore recorded an overall long trade receivables turnover days during the Track Record Period.

Our trade receivables turnover days increased from 177 days for the year ended 31 December 2020 to 295 days for the year ended 31 December 2021, primarily attributable to the increase in revenue generated from Digital Guangxi Tripartite Agreements in 2021 and some of the revenue of which was recognised on net basis while the entire relevant trade receivables was recorded on gross basis. Moreover, our Group granted longer payment period to Digital Guangxi whose contract value would be settled by instalments with 50% of the contract value to be settled after the completion of the Master Project, see "Business — Tripartite agreements — Digital Guangxi Tripartite agreements" for details. Excluding the trade receivables derived from the Digital Guangxi Tripartite Agreements for the years ended 31 December 2020 and 2021, our trade receivables turnover days were 150 days and 205 days respectively and such increase in turnover days was mainly due to general delay in payment.

Our trade receivables turnover days remained relatively stable at 295 days and 300 days for the years ended 31 December 2021 and 2022, respectively, while our trade receivables turnover days excluding the Digital Guangxi Tripartite Agreements increased from 205 days for the year ended 31 December 2021 to 244 days for the year ended 31 December 2022, mainly due to the increase in trade receivables due from the independent third parties as explained under the paragraph headed "Ageing" above.

Our trade receivables turnover days further increased from 300 days for the year ended 31 December 2022 to 2,543 days for the four months ended 30 April 2023. While our trade receivables turnover days (excluding the Digital Guangxi Tripartite Agreements) increased from 244 days for the year ended 31 December 2022 to 2,571 days for the four months ended 30 April 2023. Our Directors are of the view that the trade receivables turnover days for the four months ended 30 April 2023 is highly subject to seasonality effect, as the amount of revenue recognised for the first four months is insignificant as compared with the full year. For comparison, we recorded trade receivables turnover days of 2,772 days for the four months ended 30 April 2022, which was approximate to the amount for the four months ended 30 April 2023.

The fluctuation of our trade receivables and contract assets turnover days was generally in line with the fluctuation of our trade receivables turnover days.

Recoverability

The loss allowance of our trade receivables increased slightly from RMB9.2 million as at 31 December 2020 to RMB10.2 million as at 31 December 2021, primarily due to the increase in our trade receivables aged more than six months but within two years. The loss allowance of our trade receivables further increased to RMB18.5 million as at 31 December 2022, primarily due to the increase in long-aged trade receivables, particularly those past due more than six months. The loss allowance of our trade receivables further increased to RMB25.1 million as at 30 April 2023, primarily because trade receivables past due over three months increased. We assess the recoverability of trade receivables and perform impairment analysis at each reporting date using a loss rate approach to measure expected credit losses. The loss rates are based on groupings of ageing. We develop loss rate statistics on the basis of actual loss experience over the recent past years. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, we write off trade receivables when there is any information indicating that the customer is in severe financial difficulty and there is no realistic prospect of future recovery. Please see Note 2 of the Accountants' Report set out in Appendix I to this prospectus for details of measurement of expected credit losses.

As public expenditure is the major source of funding for our customers in the education and government sector and given the historical record of collection of the trade receivable of our Group, our Directors considered that the credit risk of these customers did not change significantly and the historical loss data based on ageing information of trade receivables with similar credit risk characteristics, still reflects our Directors' expected credit loss for customers with longer credit periods and longer payment cycles. Thus, our Directors were of the view that the allowance of expected credit loss based on the historical loss data using provision matrix reflects our Group's credit risk of the trade receivables including the overdue balances for the projects with larger size and longer credit terms.

As at the Latest Practicable Date, 97.4%, 87.8%, 37.1% and 27.8% of the trade receivables as at 31 December 2020, 2021 and 2022 and 30 April 2023 were settled, respectively. In particular, none of our trade receivables due from related parties as at 30 April 2023 were settled, while RMB53.1 million or 27.8% of our trade receivables due from independent third parties as at 30 April 2023 were settled.

Our Directors were of the view that there shall be no issue in respect of the unsettled receivables and no further impairment was necessary, having considered that (i) over 77% of the trade receivables as at 30 April 2023 was mainly due from education institutions and government authorities primarily financed by government funds; (ii) our outstanding trade receivables were sustained by contracts; (iii) with reference to our historical collection experience, the trade receivables balances as at 30 April 2021, 2022 and 2023 had similar level of settlement around four months after the respective period end; (iv) 97.4% and 87.8% of trade receivables as at 31 December 2020 and 2021 had been subsequently settled as at the Latest Practicable Date, respectively; (v) more than half of our trade receivables as at 30 April 2023 was not past due since we granted longer payment period by instalments over a period of four years from the date of user acceptance test (i.e. December 2022) until 2026 to Customer X, which is a government authority responsible for educational matters, for Project R which was only completed close to year end of 2022 with outstanding trade receivables of RMB90.5 million as at the Latest Practicable Date to be settled by instalments; and (vi) there should be no recoverability issue in respect of those overdue balances as illustrated below. In particular, the longer payment period granted to Customer X is a request by Customer X stated in the tender documents and, to the best knowledge of our Directors after reasonable enquiries, such request was made due to the large amount of contract value (excluding VAT) of RMB86.9 million. According to the F&S Report, it is not uncommon in the education IT solution markets that customers would request for such long payment period in their tender documents.

The following table sets forth the ageing analysis of our trade receivables as at 30 April 2023 which were past due, not impaired and not subsequently settled as at the Latest Practicable Date:

	As at 30 April 2023			Subsequent settlement as at the Latest Practicable Date	Net trade receivables (Other than retention money) not subsequently settled as at the Latest Practicable Date
	Gross trade receivables (Other than retention money)	Less: Loss allowance	Net trade receivables (Other than retention money)		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Less than 3 months past due	41,747	3,207	38,540	10,366	28,174
More than 3 months but less than 6 months past due	35,059	3,938	31,121	22,687	8,434
More than 6 months but less than 12 months past due	1,835	342	1,493	328	1,165
More than 1 year but less than 2 years past due	19,331	9,370	9,961	6,071	3,890
More than 2 years past due	3,786	3,786	—	2,211	—
	101,758	20,643	81,115	41,663	41,663

Among the abovementioned trade receivables of RMB41.7 million as at 30 April 2023 which were past due, not impaired and not subsequently settled as at the Latest Practicable Date, RMB1.5 million was past due for less than 6 months and was attributable to Digital Guangxi who is a related party, which is considered recoverable due to its historical payment record with us.

Regarding the remaining overdue balances, other than the abovementioned trade receivable of RMB1.5 million attributable to Digital Guangxi, our Directors were of the view that no recoverability issue arose as:

- among the remaining trade receivables of RMB40.2 million as at 30 April 2023 which were past due, not impaired and not subsequently settled as at the Latest Practicable Date,

  (a) RMB13.3 million was due from public education institutions and RMB23.7 million was due from government authorities, majority of which have historical payment record with us. Payments by public education institutions and government authorities which are primarily financed by government funds may take longer processing time as these customers may need to undergo certain procedures for obtaining approval regarding public expenditure; and

  (b) the remaining insignificant amount of RMB3.2 million of the overdue balances was due from private education institutions, majority of which have historical payment record with us;

- we experienced no major historical default in payment from our customers according to our historical collection record. With reference to our historical collection experience, despite only less than 23% of the trade receivables as at 31 December 2020 and 2021 had been settled within four months after the respective year end, 97.4% and 87.8% of such trade receivables were subsequently settled as at the Latest Practicable Date, respectively;

- we did not have any material disagreement or disputes with our customers on trade receivables; and

- there had not been any significant change in creditability of our customers and the balances were still considered to be fully recoverable.

Credit control policies

Our Group maintains strict control over our outstanding trade receivables and has credit control policies to minimise the credit risk. Overdue balances are reviewed regularly by our senior management, our sales and marketing representatives and Accounting and Finance Department closely follow up with our customers on payment status. We have strictly followed and will continue to follow the steps and measures stipulated in our credit control policies to manage our receivables and maintain our working capital. As required under our credit control policies, our sales and marketing representatives make collection calls to customers periodically whose bills have become overdue; for customers whose bills have become overdue or aged for more than 90 days, our Accounting and Finance Department escalate the matter to our senior management and both our sales and marketing representatives and our management make collection calls to our customers; and for customers whose bills were overdue as at each calendar quarter end, reconciliation statement is sent to the customers and remind them to settle. To manage our receivables, we also plan to strengthen the cooperation of our technical team and sales and marketing team to conduct more efficient collection, and take into account the collection speed in the performance assessment and benefits of our sales and marketing representatives. Our management seeks to maintain strict control over our outstanding trade receivables and monitor outstanding trade receivables to expedite the recovery of the trade receivables. Our Directors analyse our trade receivables collection process from time to time. Our management reviews the trade receivables balances and any overdue balances on an ongoing basis, and assessments are made by our management on the timing and recoverability of overdue balances. If the customer delays settlement without valid reason, our Directors and project managers will assess the financial status of the customer and negotiate with them for settlement of trade receivables.

Amounts due from shareholders and other related parties

The amounts due from shareholders and other related parties are unsecured, interest-free and repayable on demand. The amounts due from other related parties are trade in nature. The Directors has confirmed that the amounts due from shareholders were non-trade in nature and had fully settled before the submission of listing application and the Listing.

Other deposits, prepayments and receivables

The following table sets forth the breakdown of our other deposits, prepayments and receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments to suppliers				
— for project executions	1,389	11,461	26,926	48,459
— for research and development	—	228	5,777	7,210
Deposits to suppliers	856	1,980	955	899
Deposits to existing/potential customers				
— Retention money and performance bond	2,951	2,340	3,175	3,405
— Tender deposits	324	461	1,516	1,347
Refund receivable from suppliers	3,977	5,398	7,316	6,716
Advances to staff	836	6,294	1,904	2,271
Prepaid listing expenses which will be deducted from equity	1,668	4,251	6,121	6,844
Others	833	1,771	2,926	6,396
Total	**12,834**	**34,184**	**56,616**	**83,547**

Our other deposits, prepayments and receivables mainly comprise (i) prepaid expenses to suppliers for the purchase of hardware and/or software for existing or potential projects; (ii) prepaid expenses to suppliers for research and development purposes; (iii) deposits to suppliers as security for hiring equipment for testing purposes; (iv) retention money and performance bond receivable from existing customers as security for the due performance and observance of our obligations under the contracts entered into between our customers and us; (v) refund receivable from suppliers due to return of hardware and/or software as a result of the change of suppliers; (vi) advances to staff for work purposes; and (vii) prepaid Listing expenses which will be deducted from equity.

The following table sets forth the ageing analysis of our other deposits, prepayments and receivables as at 30 April 2023, which were not impaired and not subsequently settled as at the Latest Practicable Date:

	As at 30 April 2023			Subsequent utilisation as at the Latest Practicable Date	Net other deposits, prepayments and receivables not subsequently utilised as at the Latest Practicable Date
	Gross other deposits, prepayments and receivables	Less: Loss allowance	Net other deposits, prepayments and receivables		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	5,877	—	5,877	2,012	3,865
Over 1 month but within 3 months	2,657	—	2,657	280	2,377
Over 3 months but within 6 months	49,311	—	49,311	25,020	24,291
Over 6 months but within 1 year	11,193	—	11,193	4,326	6,867
Over 1 year but within 2 years	7,851	—	7,851	215	7,636
Over 2 years but within 3 years	5,606	—	5,606	5	5,601
Over 3 years	1,052	—	1,052	—	1,052
	83,547	—	83,547	31,858	51,689

In particular, the following table sets forth the ageing analysis of our prepayments to suppliers as at 30 April 2023, which were not impaired and not subsequently settled as at the Latest Practicable Date:

	As at 30 April 2023			Subsequent utilisation as at the Latest Practicable Date	Net prepayments to suppliers not subsequently utilised as at the Latest Practicable Date
	Gross prepayments/ deposits to suppliers	Less: Loss allowance	Net prepayments to suppliers		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	2,803	—	2,803	1,636	1,167
Over 1 month but within 3 months	1,897	—	1,897	66	1,831
Over 3 months but within 6 months	38,666	—	38,666	18,351	20,315
Over 6 months but within 1 year	5,960	—	5,960	2,081	3,879
Over 1 year but within 2 years	3,564	—	3,564	—	3,564
Over 2 years but within 3 years	2,270	—	2,270	5	2,265
Over 3 years	509	—	509	—	509
	55,669	—	55,669	22,139	33,530

Other deposits, prepayments and receivables amounted to RMB12.8 million, RMB34.2 million, RMB56.6 million and RMB83.5 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively.

The other deposits, prepayments and receivables increased by RMB21.4 million to RMB34.2 million as at 31 December 2021, mainly attributable to (i) the increase in prepayment made to the suppliers under the Digital Guangxi Tripartite Agreements; prepayment made to a supplier for a potential project to be tendered in 2022; prepayment made to Supplier A for the purchase of hardware and prepayment made to a supplier for the processing of our self-developed product; (ii) the increase in advance to staff of RMB5.5 million for work purpose; (iii) the increase in refund receivable from suppliers of RMB1.4 million; and (iv) the increase in prepaid listing expenses of RMB2.6 million.

The other deposits, prepayments and receivables increased by RMB22.4 million to RMB56.6 million as at 31 December 2022, mainly attributable to the increase in prepayment made to the suppliers of RMB15.5 million for our project execution and the increase in prepayment of RMB5.5 million for the research and development purposes, partially offset by the decrease in advance to staff of RMB4.4 million following their repayment or utilisation.

In particular, the increase in prepayment made to the suppliers for project execution as at 31 December 2022 was mainly attributable to a prepayment of RMB18.0 million for the purchase of the hardware and software for a potential project to be tendered in 2023. The relevant potential customer is a university in Guilin City, Guangxi and such potential project is related to the provision of integrated IT solutions services for the establishment of the engineering training centre, public class learning centre and language learning centre in the university. Contract value (including tax) is estimated to be around RMB70 million and the gross profit margin of such potential project is estimated to be around 30% to 40%. The tender of such project has been announced in April 2023 and awarded to us in June 2023, followed by the project commencement in July 2023 and its completion in November 2023.

The relevant supplier is a PRC company established in 2021 which principally engages in sales of computer hardware and software. To the best knowledge of our Directors after reasonable enquires, such supplier (or its shareholders/beneficial owners and directors/controllers) does not have any past or present relationship (including, without limitation, employment, business or trust relationship) with us, our shareholders, directors, senior management or any of their respective associate.

We usually consider whether to procure in advance and make prepayment on a case-by-case basis depending on the circumstances of each project. Based on the communication with the relevant supplier, the relevant hardware which includes automatic machine tool requires a production period of at least six months. Therefore, in order to cope with the expected project schedule, we ordered in advance and make prepayment for the relevant hardware. Since the relevant prepayment would only be utilised when the hardware is accepted by the customer after the commencement of the project, the relevant prepayment has not been subsequently utilised as at the Latest Practicable Date. It is agreed between the relevant supplier and us, in the event that we fail to secure the potential project, we can elect to refund the relevant prepayment without incurring any extra charges. According to the F&S Report, given that a long production period is required for certain hardware, it is not uncommon for IT solution providers to purchase hardware and software before securing the projects.

In addition, as at 31 December 2022, other deposits, prepayments and receivables of RMB8.7 million were aged over one year, which mainly include (i) the prepaid Listing expenses of RMB3.9 million which will be deducted from equity; and (ii) a prepayment of RMB2.0 million to a supplier for processing our self-developed product.

The other deposits, prepayments and receivables increased by RMB26.9 million from RMB56.6 million as at 31 December 2022 to RMB83.5 million as at 30 April 2023, mainly attributable to (i) the increase in prepayment made to the suppliers of RMB21.5 million for our then potential projects, including (a) the increase in prepayment made to Supplier O of RMB14.5 million for the execution of the abovementioned awarded project, of which the customer is a university in Guilin City, Guangxi; and (b) the prepayment made to suppliers for our potential sales of hardware and/or software contracts, which were subsequently confirmed in June and July 2023; and (ii) the increase in prepayment of RMB1.4 million for research and development purposes.

Our prepayments to suppliers aged over one year were mainly (i) for the research and development services which have not reached the stage of acceptance; and (ii) as deposit for the production line relating to processing of one of our self-developed products, of which any remaining amount of the deposit that is not offset by our purchase orders may be refunded to us at the end of the cooperation period. As the abovementioned research and development services have not reached stage of acceptance and the production cooperation is still ongoing as at the Latest Practicable Date, our Directors are of the view that prepayments to suppliers aged over one year are recoverable.

As at the Latest Practicable Date, RMB31.9 million or 38.1% of our other deposits, prepayments and receivables as at 30 April 2023 were utilised, among which RMB22.1 million or 39.8% of our prepayments to suppliers as at 30 April 2023 were utilised.

Cash and cash equivalents

Our cash and cash equivalents as at 31 December 2020, 2021 and 2022 and 30 April 2023 amounted to RMB56.1 million, RMB49.2 million, RMB62.6 million and RMB3.9 million, respectively.

Our cash and cash equivalents decreased by 12.3% from RMB56.1 million as at 31 December 2020 to RMB49.2 million as at 31 December 2021, primarily attributable to the repayment of convertible bond and the payment incurred in ongoing construction of the Business Park.

Our cash and cash equivalents increased by 27.2% from RMB49.2 million as at 31 December 2021 to RMB62.6 million as at 31 December 2022, primarily attributable to settlement of trade receivables by Digital Guangxi.

Our cash and cash equivalents decreased by 93.8% from RMB62.6 million as at 31 December 2022 to RMB3.9 million as at 30 April 2023, primarily attributable to (i) the net cash used in our operating activities; and (ii) net repayment of bank and other loans.

Trade and other payables

Our trade and other payables primarily consisted of trade payables, accrued payroll, amounts due to an associate, amounts due to a joint venture, amounts due to shareholders, payables for construction of a business park, other tax payables which mainly included taxes other than EIT such as VAT payable, educational surcharge and urban maintenance and construction tax, and other payables and accruals. The following table sets forth the breakdown of our trade and other payables as at the dates indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	51,895	59,993	46,448	29,033
Accrued payroll	2,042	1,793	2,046	2,079
Amounts due to an associate	4,410	—	—	—
Amounts due to a joint venture	1,950	1,448	1,342	1,342
Amounts due to shareholders	191	178	109	64
Payables for construction of a business park	2,995	59,096	84	2,037
Other tax payables	15,070	22,408	22,077	19,670
Other payables and accruals	6,203	4,722	3,005	3,329
	84,756	149,638	75,111	57,554

Our trade payables amounted to RMB51.9 million, RMB60.0 million, RMB46.4 million and RMB29.0 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. The trade payables increased to RMB60.0 million as at 31 December 2021, which was mainly due to the increase in procurement costs for hardware and software that was not yet due as at year end. The trade payables then decreased to RMB46.4 million as at 31 December 2022, primarily owing to the settlement of trade payables. The trade payables decreased to RMB29.0 million as at 30 April 2023, mainly due to settlement of our trade payables.

The amounts due to an associate represented the unsettled capital injection payable to Shuguang Maiyue which are non-trade in nature, unsecured and interest-free.

The amounts due to a joint venture mainly represented the unsettled capital injection payable to Fangchenggang City Investment Digital which was non-trade in nature, unsecured, interest-free and repayable within 12 months after the incorporation or on demand. However, our joint venture partner experienced changes in management in 2021 and 2022, and it had not made its capital contribution to Fangchenggang City Investment Digital. On 26 April 2023, we were informed by the joint venture partner that, due to its internal restructuring and change of business plans, it intended to transfer its 35% interests in Fangchenggang City Investment Digital to Nanning Maiyue. See "History, Reorganisation and Corporate Structure — Corporate History and Development — Fangchenggang City Investment Digital" for details. The amounts due to a joint venture have been settled.

The amounts due to shareholders are non-trade in nature and mainly represented the advances from the shareholders for general working capital of our Group. The continuous decrease during the Track Record Period was mainly due to repayment of the amounts due to shareholders. The Directors has confirmed that our Group will fully settle the amounts due to shareholders before Listing.

Our other payables and accruals decreased to RMB4.7 million as at 31 December 2021 was mainly attributable to the decrease in accrued listing expenses of RMB0.8 million. Our other payables and accruals decreased to RMB3.0 million as at 31 December 2022, mainly attributable to (i) payment of interest originated from bank and other loans; and (ii) payment of listing expenses and other operating expenses payable. Our other payables and accruals remained relatively stable at RMB3.3 million as at 30 April 2023.

The following table sets forth the ageing analysis of our trade payables based on the invoice date/transaction date as at the dates indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	50,396	44,258	27,582	7,857
Over 1 year but within 2 years	1,402	14,635	8,309	19,511
Over 2 years but within 5 years	97	1,100	10,557	1,635
Over 5 years	—	—	—	30
	51,895	59,993	46,448	29,033

Our supplier generally granted us credit period ranging from 0 to 90 days.

Our trade payables aged over 1 year increased from RMB1.5 million as at 31 December 2020 to RMB15.7 million as at 31 December 2021, and further increased to RMB18.9 million as at 31 December 2022 and RMB21.2 million as at 30 April 2023, mainly due to trade payables aged over 1 year to Supplier F of RMB14.0 million, RMB14.8 million and RMB16.3 million as at 31 December 2021 and 2022 and 30 April 2023, respectively, who entered into Digital Guangxi Tripartite Agreements with our Group and Digital Guangxi. According to the relevant Digital Guangxi Tripartite Agreements, payment to Supplier F would be settled by instalments, see "Business — Tripartite agreements — Digital Guangxi Tripartite agreements" for details. Excluding the trade payables aged over 1 year to Supplier F, our trade payables aged over 1 year amounted to RMB1.5 million, RMB1.7 million, RMB4.1 million and RMB4.9 million as at 31 December 2020, 2021 and 2022 and 30 April 2023 respectively.

The following table sets forth the average turnover days of trade payables for the years/period indicated:

	Years ended 31 December			Four months ended 30 April
	2020	**2021**	**2022**	**2023**
Average turnover days of trade payables *(Note)*	117	199	141	649

Note: Average turnover days of trade payables is derived from dividing the arithmetic mean of the opening and closing balances of trade payables by our total cost of sales in the respective years/period and multiplying by the number of days in that years/period.

Our average trade payables turnover days were 117 days, 199 days, 141 days and 649 days for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, respectively. The trade payables turnover days increased from 117 days for the year ended 31 December 2020 to 199 days for the year ended 31 December 2021, primarily attributable to (i) the increase in trade payable balance resulted from the increased purchase from the third-party software suppliers which was not yet due as at year end; and (ii) the relevant procurement costs incurred under the Digital Guangxi Tripartite Agreements not being accounted in cost of sales. The trade payables turnover days decreased from 199 days for the year ended 31 December 2021 to 141 days for the year ended 31 December 2022, mainly because the supplier of a sizeable project we secured in 2022 did not grant us credit term. The trade payables turnover days increased from 141 days for the year ended 31 December 2022 to 649 days for the four months ended 30 April 2023. Our Directors are of the view that the trade payables turnover days for the four months ended 30 April 2023 are highly subject to seasonality effect, as the amount of cost of sales recognised for the first four months is insignificant as compared with the full year.

As at the Latest Practicable Date, RMB21.7 million or 74.6% of our trade payables outstanding as at 30 April 2023 were settled.

Contract liabilities

The following table sets forth the breakdown of our contract liabilities as at the dates indicated:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Billings in advance of performance . . .	597	937	3,018	1,122

Contract liabilities are recognised when our Group receives advances before the provision of underlying products and services. Our contract liabilities solely related to short-term advances received from customers, which amounted to RMB0.6 million, RMB0.9 million, RMB3.0 million and RMB1.1 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. The contract liabilities remained stable at RMB0.6 million and RMB0.9 million as at 31 December 2020 and 2021, respectively. The contract liabilities increased to RMB3.0 million as at 31 December 2022 which was primarily due to the advance receipt from two education customers for the provision of our products and services. The contract liabilities then decreased to RMB1.1 million as at 30 April 2023, primarily because a project secured from a customer in education sector reached the stage of user acceptance test.

As at the Latest Practicable Date, RMB0.9 million or 76.2% of our contract liabilities outstanding as at 30 April 2023 were recognised as revenue.

Financial Resources

During the Track Record Period, our principal sources of fund have been our equity capital, cash generated from our business operations and bank and other loans. Our primary liquidity requirements are to finance our working capital and fund our capital expenditure and growth of our operations. After the Listing, we expect to meet our liquidity needs and finance our working capital requirements from cash generated from our operations, debt and equity financings, and the net proceeds from the Global Offering, details of which please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

CONSOLIDATED CASH FLOW STATEMENTS

The following table sets forth a summary of our consolidated cash flow information for the years/periods indicated:

	For the years ended 31 December			For the four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Operating cash flows before movements in working capital	56,767	70,694	79,428	(12,535)	(8,604)
Changes in working capital	(50,179)	(53,984)	(58,221)	(11,625)	(22,629)
Income tax paid	(1,091)	(10,035)	(11,093)	(217)	(412)
Net cash generated from/(used in) operating activities	5,497	6,675	10,114	(24,377)	(31,645)
Net cash used in investing activities	(26,509)	(17,993)	(17,921)	(1,235)	(2,017)
Net cash generated from/(used in) financing activities	40,590	4,358	21,252	(15,964)	(25,075)
Net increase/(decrease) in cash and cash equivalents	19,578	(6,960)	13,445	(41,576)	(58,737)
Cash and cash equivalents at the beginning of the year/period	36,538	56,116	49,156	49,156	62,601
Effect of foreign exchange rate changes	—	—*	—*	(36)	—*
Cash and cash equivalents at the end of the year/period	56,116	49,156	62,601	7,544	3,864

* *This balance represents any amount of less than RMB500.*

Net cash generated from/(used in) operating activities

Our net cash generated from/(used in) operating activities comprised profit or loss before taxation adjusted mainly for non-cash items, such as depreciation, amortisation, finance costs, impairment losses recognised on trade and other receivables and contract assets, share of profits of an associate, and adjusted for the change in working capital. Our cash flow generated from operating activities was principally from profit generated from our business, the receipt for sales of our inventories, increase in trade and other payables and decrease in trade and other receivables. Our cash flow used in operating activities was principally consisted of loss generated from our business payment of procurement costs for hardware and software and service cost for IT and supporting services.

In order to improve our net operating cash outflow position, (i) for cash receipt, our finance team manages, monitors and analyses the ageing of trade receivables and contract assets from time to time, and takes follow-up actions on trade receivables and collects trade receivables when payment conditions are met; (ii) for cash payment, we will assess the status of settlement of our trade receivables and adjust our payment schedules to suppliers accordingly; (iii) for inventory management, we normally place orders with suppliers upon acceptance of customers' purchase orders or signing our contract with customers to reduce our risk exposure to obsolete stock and working capital requirements; and (iv) our finance team prepares an analysis of the cash flow forecast in relation to our overall business operations so as to ensure the sufficiency of our financial resources.

For the year ended 31 December 2020, we had net cash generated from operating activities of RMB5.5 million. This represented our profit before taxation of RMB44.8 million, adjusted mainly for non-operating cash items and our operating cash flows before movements in working capital amounted to RMB56.8 million. Changes in working capital primarily reflected increase in trade and other receivables of RMB61.8 million, decrease in contract liabilities of RMB3.0 million and increase in contract assets of RMB0.5 million, partially offset by the increase in trade and other payables of RMB13.1 million and decrease in inventories of RMB2.0 million.

For the year ended 31 December 2021, we had net cash generated from operating activities of RMB6.7 million. This represented our profit before taxation of RMB54.8 million, adjusted mainly for non-operating cash items and our operating cash outflows before movements in working capital amounted to RMB70.7 million. Changes in working capital primarily reflected increase in trade and other receivables of RMB78.9 million, partially offset by the increase in trade and other payables of RMB22.6 million.

For the year ended 31 December 2022, we had net cash generated from operating activities of RMB10.1 million. This represented our profit before taxation of RMB56.2 million, adjusted mainly for non-operating cash items and our operating cash flows before movements in working capital amounted to RMB79.4 million. Changes in working capital primarily reflected (i) increase in trade and other receivables of RMB32.5 million mainly as a result of the increase in prepayment made to the suppliers for the purchase of software and hardware products for a potential project to be tendered in 2023 and prepayment for the research and development purposes; (ii) the increase in contract assets of RMB12.9 million as a result of the projects of certain new customers completed in 2022 had billing milestones which had not been reached yet by the end of 2022; and (iii) the decrease in trade and other payables of RMB12.5 million mainly as a result of settlement of trade payables.

For the four months ended 30 April 2023, we had net cash used in operating activities of RMB31.6 million. This represented our loss before taxation of RMB19.9 million, adjusted mainly for non-operating cash items and our operating cash outflows before movements in working capital amounted to RMB8.6 million. Changes in working capital primarily reflected (i) the decrease in trade and other payables of RMB19.3 million as a result of settlement of our trade payables; and (ii) the increase in inventories of RMB4.1 million as a result of the increase in the number of our ongoing projects which have not reached the stage of user acceptance test.

Net cash used in investing activities

Our cash flow generated from investing activities consisted of uplift of pledged bank deposits. Our cash flow used in investing activities comprised of purchase of property, plant and equipments, payment for the development costs, placement of pledged bank deposits and payment for the investment cost in the associate Shuguang Maiyue.

For the year ended 31 December 2020, we had net cash used in investing activities of RMB26.5 million, which mainly reflected the payment of the construction costs of the Business Park of RMB17.3 million, payment for the leasehold land of the Business Park of RMB7.6 million, payment for items of property, plant and equipment of RMB0.2 million, expenditure on development costs of RMB5.2 million, investment cost in the associate Shuguang Maiyue of RMB490,000, placement of pledged bank deposits of RMB672,000, partially offset by the uplift of pledged bank deposits of RMB4.9 million.

For the year ended 31 December 2021, we had net cash used in investing activities of RMB18.0 million, which mainly reflected the payment for the purchase of property, plant and equipment of RMB10.9 million, expenditure on development costs of RMB7.1 million, investment in a joint venture of RMB0.7 million and payment for software license of RMB0.6 million, partially offset by the acquisition of subsidiary, net of cash acquired of RMB0.9 million.

For the year ended 31 December 2022, we had net cash used in investing activities of RMB17.9 million, which mainly reflected the expenditure on development costs of RMB8.8 million, the payment for the purchase of property, plant and equipment of RMB6.7 million and placement of pledged bank deposits of RMB2.7 million.

For the four months ended 30 April 2023, we had net cash used in investing activities of RMB2.0 million, which mainly reflected the expenditure on development costs of RMB3.2 million, partially offset by the uplift of pledged bank deposits of RMB1.4 million.

Net cash generated from/(used in) financing activities

Our cash flow generated from financing activities mainly consisted of capital injected from shareholders, new bank and other loan and the issue of the convertible bond in 2020. Our cash flow used in financing activities mainly consisted of repayment of bank and other loans, interest paid on bank and other loans and payment of listing expenses.

For the year ended 31 December 2020, we had net cash generated from financing activities of RMB40.6 million, which mainly reflected the new bank and other loans of RMB74.8 million and proceeds from the issue of convertible bond of RMB8.0 million, partially offset by the repayment of bank and other loans of RMB41.0 million, payment for re-organisation of RMB2.6 million, interest paid on bank and other loans of RMB1.3 million and payment of listing expenses of RMB1.2 million.

For the year ended 31 December 2021, we had net cash generated from financing activities of RMB4.4 million, which mainly reflected the proceeds from new loans and borrowings of RMB65.0 million, partially offset by the repayment of loans and borrowings of RMB41.6 million, repayment of convertible bond of RMB8.0 million, interest paid of RMB8.0 million and payment of listing expenses of RMB2.7 million.

For the year ended 31 December 2022, we had net cash generated from financing activities of RMB21.3 million, which mainly reflected proceeds from new bank and other loans of RMB108.4 million, partially offset by the repayment of bank and other loans of RMB75.0 million, interest paid of RMB8.5 million and payment of listing expenses of RMB2.1 million.

For the four months ended 30 April 2023, we had net cash used in financing activities of RMB25.1 million, which mainly reflected the repayment of bank and other loans of RMB28.5 million, partially offset by proceeds from new bank and other loans of RMB6.0 million.

WORKING CAPITAL SUFFICIENCY

Our Directors confirm that, taking into consideration the financial resources presently available to us, which including primarily our internal resources, bank borrowings and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital expenditures

During the Track Record Period, our capital expenditure principally consisted of (i) purchase of motor vehicle; (ii) purchase of furniture, office equipment and others; (iii) purchase of leasehold land for the Business Park; and (iv) construction in progress for the business park, which is set forth in the table below for the years/period indicated.

	Years ended 31 December			Four months ended 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment				
Motor vehicles	—	343	812	—
Furniture, office equipment and others	172	409	937	170
Construction in progress	20,456	66,744	—	—
Right-of-use assets	—	—	1,100	51
	20,628	67,496	2,849	221

Capital commitments

We had capital commitment amounted to RMB141.5 million, RMB1.5 million, nil and nil as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. We recorded capital commitment of RMB141.5 million as at 31 December 2020, primarily due to the commitment arisen from the construction contract of the Business Park. In April 2021, our Group entered into an agreement with Nanning Julehui Network Technology Co., Ltd ("**Nanning Julehui**") in relation to the construction and operation of the Business Park, while the agreement was terminated in March 2022 in light that there was an adjustment of Nanning Julehui's internal business strategies and thus it might not have enough resources to cope with the development of the Business Park. In April 2022, our Group entered into a new agreement with, among others, Guangxi Qianlong Education Technology Co., Ltd ("**Guangxi Qianlong**") for the development and operation of the

Business Park. According to the new agreements, our Group and Guangxi Qianlong set up Guangxi Qianyue. Our Group made the capital contribution based on the value of land use right and construction in progress of the Business Park net of the payables for the construction. In accordance with the memorandum and article of Guangxi Qianyue, relevant activities of the entity require consent with simple majority of shareholding. Our Group owns 19% of Guangxi Qianyue's equity interest and treats it as a financial asset as our Group cannot exercise significant influence over Guangxi Qianyue. See "Business — Properties — Business park development" for details.

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract fee	141,537	1,459	—	—

INDEBTEDNESS

Statement of indebtedness

Our indebtedness during the Track Record Period consisted primarily of lease liabilities, bank and other loans and convertible bond. The following table sets out a breakdown of our indebtedness as at 31 December 2020, 2021 and 2022, 30 April 2023 and 31 July 2023, being the latest practicable date for the purpose of this statement of indebtedness in this prospectus.

	As at 31 December			As at 30 April	As at 31 July
	2020	2021	2022	2023	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Non-current					
Lease liabilities	569	—	126	16	16
Bank and other loans	53,516	51,613	71,874	74,850	74,136
	54,085	51,613	72,000	74,866	74,152
Current					
Lease liabilities	771	1,128	421	453	333
Bank and other loans	32,537	68,617	86,057	61,988	103,423
Convertible bond	8,022	—	—	—	—
	41,330	69,745	86,478	62,441	103,756
Total	95,415	121,358	158,478	137,307	177,908

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed below, we did not have any bank and other loan, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of the Latest Practicable Date for our indebtedness statement. Our Directors confirm that there has not been any material change in our indebtedness since the Latest Practicable Date up to the date of this prospectus.

As at the Latest Practicable Date, we had aggregate banking facilities of RMB231.6 million, of which RMB132.4 million was utilised and RMB99.2 million was unutilised.

Bank and other loans

Our bank and other loans amounted to RMB86.1 million, RMB120.2 million, RMB157.9 million, RMB136.8 million and RMB177.6 million as at 31 December 2020, 2021 and 2022, 30 April 2023 and 31 July 2023, respectively. The following table sets forth the breakdown of our bank and other loans as at the dates indicated:

	As at 31 December			As at 30 April	As at 31 July
	2020	2021	2022	2023	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Non-current					
Secured and guaranteed	165	119	29,193	29,169	45,136
Unsecured and guaranteed	—	31,494	—	3,000	9,000
Unsecured and unguaranteed	53,351	20,000	42,681	42,681	20,000
	53,516	51,613	71,874	74,850	74,136
Current					
Secured and guaranteed	10,241	87	46,030	19,314	20,257
Secured and unguaranteed	—	10,000	17,869	19,119	21,420
Unsecured and guaranteed	21,370	22,165	21,000	21,000	21,000
Unsecured and unguaranteed	926	36,365	1,158	2,555	40,746
	32,537	68,617	86,057	61,988	103,423
Total	86,053	120,230	157,931	136,838	177,559

The unsecured and unguaranteed loans mainly represented loans due to an independent third party of our Group and borne interest at fixed rate of 10% per annum. The purpose of such loans were for general working capital and it was unsecured and non-guaranteed.

As at 31 December 2020, 2021 and 2022, 30 April 2023 and 31 July 2023, bank and other loans of RMB31.8 million, RMB0.2 million, RMB0.1 million, RMB3.1 million and RMB9.1 million were guaranteed by the Shareholders of our Group of which will be released or fully repaid before the Listing.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, bank and other loans of RMB10,000,000, RMB5,000,000, RMB8,000,000 and RMB8,000,000 were guaranteed by third parties.

The bank and other loans increased from RMB86.1 million as at 31 December 2020 to RMB120.2 million as at 31 December 2021, primarily attributable to (i) the increase in the size of projects, resulting in more substantial cash flow mismatch; and (ii) the increase in listing expenses for the respective year. The bank and other loans further increased to RMB157.9 million as at 31 December 2022, mainly due to cash flow mismatch where fundings are required for cash payment upfront throughout execution of projects, while projects are normally completed in the fourth quarter of the year and payments from customers are generally received after that. The bank and other loans then decreased to RMB136.8 million as at 30 April 2023, mainly due to repayment of bank and other loans.

As at 31 December 2020, a secured bank loan of RMB10.0 million with duration of one year was subject to certain of Nanning Maiyue's financial ratios. The secured bank loan would become payable on demand if our Group breached the covenants. Our Directors confirm that, during the Track Record Period, none of the covenants relating to drawn down facilities had been breached. The aforementioned bank loan has been fully repaid in June 2021.

Lease liabilities

The following table sets forth the breakdown of our lease liabilities in respect of our leased properties as at the dates indicated:

	As at 31 December			As at 30 April	As at 31 July
	2020	**2021**	**2022**	**2023**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Non-current	569	—	126	16	16
Current.	771	1,128	421	453	333
	1,340	1,128	547	469	349

During the Track Record Period and up to the Latest Practicable Date, we leased various properties for the use of office and staff quarter. As at 31 December 2020, 2021 and 2022, 30 April 2023 and 31 July 2023, lease liabilities of RMB0.8 million, RMB1.1 million, RMB0.4 million, RMB0.5 million and RMB0.3 million would be due within one year.

Convertible bond

We issued a convertible bond with a face value of RMB8.0 million to Guangxi Honggui Emergency Relief Investment Fund Partnership on 10 July 2020 for additional liquidity. Our convertible bond amounted to RMB8.0 million, nil, nil, nil and nil as at 31 December 2020, 2021 and 2022, 30 April 2023 and 31 July 2023, respectively. The convertible bond had never been redeemed and was fully repaid before maturity on 22 April 2021. Please see Note 27 of the Accountants' Report in Appendix I to this prospectus for details.

Contingent liabilities

As at the Latest Practicable Date, we did not have any material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

MATERIAL RELATED PARTY TRANSACTIONS

As at 31 December 2020, 2021 and 2022 and 30 April 2023, bank and other loans of RMB31.8 million, RMB0.1 million, RMB0.1 million and RMB3.1 million were guaranteed by the Shareholders of our Group of which will be released or fully repaid before the Listing.

For the year ended 31 December 2020, we have provided integrated IT solutions services to Shuguang Maiyue which generated RMB41.9 million. We had received property management services of RMB202,000 and RMB191,000 for the years ended 31 December 2020 and 2021, respectively, by Nanning City Wanjin Enterprise Investment Co., Ltd (南寧市萬錦企業投資有限公司) of which Mr. Ye is a shareholder and supervisor. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, we had provided integrated IT solutions services of RMB8.6 million, RMB46.8 million, RMB5.2 million and RMB41,000, respectively, to Digital Guangxi. For the year ended 31 December 2021, we had provided integrated IT solutions services of RMB1.0 million, respectively, to Fangchenggang City Investment Digital.

As at 31 December 2020, we had amounts due to an associate of RMB4.4 million, primarily due to the unsettled capital injection into the associate. As at 31 December 2020, 2021 and 2022 and 30 April 2023, we had amounts due to a joint venture of RMB2.0 million, RMB1.4 million, RMB1.3 million and RMB1.3 million, respectively, primarily due to the unsettled capital injection into the joint venture. The amounts due from/to related parties (excluded balances with the associate and the joint venture) are unsecured, interest-free and repayable on demand. For details of the non-recurring and non-trade related party transactions and amounts due from/to related parties, please refer to Note 34 to the Accountants' Report in the Appendix I to this prospectus. The non-trade related balances with related parties (excluding the amount due from Digital Guangxi for Shuguang Maiyue) have been settled.

Our related party transactions were conducted during the Track Record Period in accordance with terms as agreed between us and the respective related parties. Our Directors confirmed that all related party transactions during the Track Record Period were conducted on normal commercial terms that are reasonable and in the interest of our Group as a whole. Our Directors further confirmed that these related party transactions would not distort our results of operations for the Track Record Period or make our historical result not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	Years ended 31 December			Four months ended 30 April
	2020	2021	2022	2023
Net profit/(loss) margin (%)(1)	19.0	22.9	20.2	(195.4)
Return on equity (%)(2)	47.2	35.2	27.3	(10.4)
Return on total assets (%)(3)	14.4	11.2	10.2	(4.6)
Interest coverage (times)(4)	9.1	7.7	7.3	(5.7)

	As at 31 December			As at 30 April
	2020	2021	2022	2023
Current ratio (times)(5)	1.6	1.3	2.0	2.3
Quick ratio (times)(6)	1.6	1.3	1.9	2.2
Debt asset ratio (%) (7)	34.7	29.3	32.9	37.5
Gearing ratio (%)(8)	114.2	92.4	88.3	84.4
Net debt to equity ratio (%)(9)	47.0	54.9	51.9	81.2

Notes:

(1) The calculation of net profit/(loss) margin is based on profit/(loss) for the year/period attributable to equity shareholders of the Company divided by revenue for the respective years/period and multiplied by 100%.

(2) The calculation of return on equity is based on profit/(loss) for the year/period attributable to equity shareholders of the Company for the respective years/period divided by total equity attributable to equity shareholders of the Company as at the respective dates and multiplied by 100%.

(3) The calculation of return on total assets is based on profit/(loss) for the year/period for the respective years/period divided by total assets as at the respective dates and multiplied by 100%.

(4) The interest coverage is based on profit/(loss) before interest and tax divided by finance cost for the respective years/period and multiplied by 100%.

(5) The calculation of current ratio is based on current assets divided by current liabilities as at the respective dates.

(6) The calculation of quick ratio is based on current assets (net of inventories) divided by total current liabilities as at the respective dates.

(7) The calculation of debt asset ratio is based on total interest-bearing debt divided by total assets as at the respective dates and multiplied by 100%.

(8) The calculation of gearing ratio is based on total interest-bearing debt divided by total equity as at the respective dates and multiplied by 100%.

(9) The calculation of net debt to equity ratio is based on net debt (being total interest-bearing debt net of cash and cash equivalents and pledged bank deposits) divided by total equity as at the respective dates and multiplied by 100%.

Net profit/(loss) margin

Our net profit margin was 19.0%, 22.9% and 20.2% for the years ended 31 December 2020, 2021 and 2022, respectively. We recorded net loss margin of 195.4% for the four months ended 30 April 2023 as we recorded loss for the period.

Our net profit margin increased from 19.0% for the year ended 31 December 2020 to 22.9% for the year ended 31 December 2021, which was primarily attributable to the increase in our gross profit of RMB23.5 million resulted from (i) the increase in revenue generated from the sales of self-developed software; and (ii) our improved gross profit margin derived from the provision of integrated IT solutions services during the year. Our net profit margin decreased to 20.2% for the year ended 31 December 2022, mainly owing to the decrease in gross profit margin.

Return on equity

Our return on equity was 47.2%, 35.2% and 27.3% for the years ended 31 December 2020, 2021 and 2022, respectively. Our return on equity was negative 10.4% for the four months ended 30 April 2023 as we recorded loss for the period.

Our return on equity decreased from 47.2% for the year ended 31 December 2020 to 35.2% for the year ended 31 December 2021, which was primarily attributable to the increase in our gross profit of RMB23.5 million resulted from (i) the increased revenue generated from the sales of self-developed software; and (ii) our improved gross profit margin derived from the provision of integrated IT solutions services during the year. Our return on equity further decreased to 27.3% for the year ended 31 December 2022, mainly due to the increase in equity outweighing the increase in profit for the year.

Return on total assets

Our return on total assets was 14.4%, 11.2% and 10.2% for the years ended 31 December 2020, 2021 and 2022, respectively. Our return on total assets was negative 4.6% for the four months ended 30 April 2023 as we recorded loss for the period.

Our return on total assets decreased from 14.4% for the year ended 31 December 2020 to 11.2% for the year ended 31 December 2021, which was primarily attributable to the increase in our gross profit of RMB23.5 million resulted from (i) the increase in revenue generated from the sales of self-developed softwares; and (ii) our improved gross profit margin derived from the provision of integrated IT solutions services during the year. Our return on total assets further decreased to 10.2% for the year ended 31 December 2022, mainly due to the increase in total assets outweighing the increase in profit for the year.

Interest coverage

Our interest coverage was 9.1 times, 7.7 times and 7.3 times for the years ended 31 December 2020, 2021 and 2022, respectively. Our interest coverage was negative 5.7 times for the four months ended 30 April 2023 as we recorded loss before taxation.

The continuous decrease in interest coverage for the years ended 31 December 2020, 2021 and 2022 was mainly due to the increase in finance costs resulted from the increase in bank and other loans outweighing the profit before interest and tax for the year.

Current ratio

Our current ratio was 1.6 times, 1.3 times, 2.0 times and 2.3 times which remained relatively constant as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively.

Quick ratio

Our quick ratio was 1.6 times, 1.3 times, 1.9 times and 2.2 times which remained relatively constant as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively.

Debt asset ratio

Our debt asset ratio remained relatively stable at 34.7%, 29.3% and 32.9% as at 31 December 2020, 2021 and 2022, respectively. Our debt asset ratio increased from 32.9% as at 31 December 2022 to 37.5% as at 30 April 2023, mainly due to the decrease in total assets outweighed the decrease in total interest-bearing debt.

Gearing ratio

Our gearing ratio was 114.2%, 92.4%, 88.3% and 84.4% as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. Our high level of gearing ratio during the Track Record Period was mainly attributable to our utilisation of bank and other loans for our projects due to cash flow mismatch as we incur substantial amount of cash upfront throughout the execution of projects such as for the procurement of hardware, equipment and software, service costs for IT and supporting services and staff costs, while we generally receive payment from our customers after completion of the projects.

Our Group obtained unsecured and unguaranteed loans of RMB25.0 million in 2020, from an independent third party for general working capital purpose. The interest rate of the unsecured and unguaranteed loans from the independent third party was similar to that of bank loans. It offered flexibility to our Group as it did not require guarantee money. Our gearing ratio decreased from 114.2% as at 31 December 2020 to 92.4% as at 31 December 2021, which was mainly due to the increase in our total equity by RMB47.8 million as our total assets increased by RMB139.5 million as at the year end. Our gearing ratio remained relatively stable at 88.3% and 84.4% as at 31 December 2022 and 30 April 2023, respectively.

Net debt to equity ratio

Our net debt to equity ratio increased from 47.0% as at 31 December 2020 to 54.9% as at 31 December 2021, which was primarily attributable to the increase in interest-bearing loans for business operation during the year. Our net debt to equity ratio decreased to 51.9% as at 31 December 2022, mainly due to the increase in cash and cash equivalents and pledged bank deposits. Our net debt to equity ratio increased to 81.2% as at 30 April 2023, primarily attributable to the decrease in cash and cash equivalents.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risk including credit risk, liquidity risk and interest rate risk. Details of the risks to which we are exposed are set out in Note 32 to the Accountants' Report in Appendix I to this prospectus.

LISTING EXPENSES

Assuming an Offer Price of HK$1.225 per Share, being the mid-point of the indicative Offer Price range of HK$1.05 to HK$1.40 per Share, the total estimated Listing expenses in connection with the Global Offering (including underwriting commission for all Offer Shares) was RMB50.7 million (equivalent to HK$56.8 million), representing 37.1% of the estimated gross proceeds from the Global Offering if the Over-allotment Option is not exercised.

For the years ended 31 December 2019, 2020, 2021 and 2022 and the four months ended 30 April 2023, Listing expenses of RMB1.1 million, RMB3.9 million, RMB8.5 million, RMB6.2 million and RMB2.6 million (equivalent to HK$1.2 million, HK$4.4 million, HK$9.5 million, HK$6.9 million and HK$2.9 million), respectively, were charged to our profit or loss, while RMB0.4 million, RMB1.3 million, RMB2.6 million, RMB1.9 million and RMB0.7 million (equivalent to HK$0.4 million, HK$1.5 million, HK$2.9 million, HK$2.1 million and HK$0.8 million), respectively, are directly attributable to the issuance of Shares and is expected to be accounted for as a deduction from equity upon completion of the Listing. For the eight months ending 31 December 2023, we expect to incur additional Listing expenses of RMB21.5 million (equivalent to HK$24.2 million), of which an estimated amount of RMB13.2 million (equivalent to HK$14.9 million) will be charged to profit or loss and RMB8.3 million (equivalent to HK$9.3 million), being directly attributable to the issuance of Shares, will be accounted for as a deduction from equity upon successful Listing under relevant accounting standards.

The Listing expenses consist of (i) underwriting-related expenses, including underwriting commission, of RMB5.5 million (equivalent to HK$6.2 million); and (ii) non-underwriting related expenses of RMB45.2 million (equivalent to HK$50.6 million), including (a) fees and expenses of legal advisers and Reporting Accountants of RMB25.6 million (equivalent to HK$28.6 million); and (b) other fees and expenses of RMB19.6 million (equivalent to HK$22.0 million).

The Listing expenses above are the best estimate as at the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

DIVIDENDS AND DIVIDEND POLICY

No dividends were paid or declared by the Company or any of its subsidiaries during the Track Record Period and up to the date of this prospectus. We do not have any fixed dividend policy or pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of our Board. Any declaration of final dividend by our Company shall also be subject to the approval of our Shareholders in a Shareholders' meeting. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to constitutional documents, any applicable laws and regulations, including the Cayman Companies Act. Historical dividend distributions are not indicative of our future dividend distribution. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 21 March 2019 and is an investment holding company. There were no reserves available for distribution to our Shareholders as at the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please see the section "Unaudited Pro Forma Financial Information" in Appendix II for our unaudited pro forma adjusted consolidated net tangible assets.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as at 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.

NO MATERIAL ADVERSE CHANGE

Save as disclosed in "Summary", our Directors confirm that there have not been any material adverse changes in our financial or trading position or prospects subsequent to the Track Record Period and up to the date of this prospectus. As far as we are aware, there was no material change in the general market conditions that had affected or would affect our business operations or financial conditions materially and adversely.

FUTURE PLANS

See "Business — Our Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$96.3 million (equivalent to RMB86.0 million) from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$1.225 per Share, being the mid-point of the indicative Offer Price range. We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- **Approximately 20.9%, or HK$20.1 million (equivalent to RMB17.9 million), of the net proceeds from the Global Offering will be used to fund our capital needs and cash flow for our new projects as part of our expansion strategy;**

Our Directors consider that, which is also supported by the F&S Report that, IT solutions services providers need sufficient capital for their operations. They are usually required to pay a substantial amount of cash upfront throughout the execution of projects, such as the procurement costs of hardware, equipment and software, service costs for IT and supporting services and staff costs, whereas customers would only make payments after project completion. Under such circumstances, IT solutions services providers including us experience a mismatch of cash flow when there is a timing difference between making payments to suppliers and receiving payments from customers. Therefore, our Directors consider that, which is also supported by the F&S Report that, cash flow management and source of funding serve as common constraints for IT solutions services providers.

The effect of the above cash flow constraints is intensified by the seasonality effect of us and other market players in the PRC of similar business nature. We experience seasonal fluctuations in our operation, resulting in the tendering process and project execution starting from the second quarter and third quarter, respectively, and user acceptance tests being carried out in the fourth quarter of the corresponding year. Therefore, it is likely that the schedule of our projects will overlap with each other and thus we may not be able to rely on cash flows generated from one of our projects to finance the cash flow mismatch of our other projects during the same year and thus we would require additional financial resources as the initial working capital to invest in its projects.

Such mismatch of cash flow can be demonstrated by the difference between our average turnover days of trade receivables and our average turnover days of trade and bills payables, which became more substantial during the Track Record Period. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our average trade receivables turnover days were 177 days, 295 days, 300 days and 2,543 days, while our average trade and bills payables turnover days were 117 days, 199 days, 140 days and 649 days, respectively for the corresponding years/period.

Going forward, as one of its business strategies, we intend to undertake more integrated IT solutions projects of larger scale in order to further enhance its reputation and drive our future growth. However, we expect that the cash flow mismatch will be intensified when undertaking larger projects. Firstly, larger-sized projects would incur larger amount of costs, which means we need to incur a larger amount of cash outflow for payment to suppliers before receiving payments from customers. Moreover, we expect the timing for receiving payment for larger-sized projects will be longer due to (i) given the enlarged scale of projects and scope of works arising therefrom, additional time is expected for the completion and certification of works as well as the internal procedures for approving settlement; and (ii) given the substantial contract sum involved, our customers, especially those which were primarily financed by government funds, may also require longer payment periods. For example, our largest project during the Track Record Period, Project R, has a payment term by instalments over a period of four years from the date of user acceptance test. Therefore, as we undertake an increasing number of sizable projects each year, we are not certain if we are able to rely on payment from customers of those projects in the preceding years to finance new projects.

During the Track Record Period, we utilised cash generated from our operations and bank borrowings to finance the project costs.

However, given that (i) there could be a substantial period between the payment of the project costs and the receipt of payment from customers; (ii) there is no assurance that our customers will pay us in a timely manner as stipulated under the relevant contracts; (iii) we have to meet the payment obligations to our suppliers in accordance with the payment terms under the relevant contracts; and (iv) we are required to incur regularly certain operating costs, such as staff costs and rental of properties, which are independent from the working schedule, we consider that we are required to reserve sufficient cash for the expenses in relation to the project costs and thus our cash position constraints the number and size of projects which we can undertake at the same time due to limited resources. Besides, we consider that financial standing especially on the working capital level is one of the major considerations of our customers during the tender assessment process. In particular, we consider that customers generally assess whether an IT solutions services provider's financial resources are sufficient to undertake new projects and manage other projects on hand during the tender assessment process, which includes whether there are sufficient financial resources to bear the project costs. Therefore, we consider that we are required to have a stronger working capital level in order to undertake additional or sizeable projects for our business expansion. As at 31 December 2022, we had cash and cash equivalents of RMB62.6 million, while our trade payables as at the corresponding date amounted to RMB46.4 million. Therefore, having in mind that we should adhere to prudent financial management to ensure sustainable growth and capital sufficiency, and taking into account the expected increase in operational cost requirements as a result of our expansion of business scale, we consider that our available cash and bank balances alone may not be sufficient to cater for funding project costs requirement under our expansion plan.

Besides, we consider that solely relying on cash flows from operating activities to finance project costs may constrain us from potential business expansion in a timely manner considering that cash flows from operating activities may not be fully and immediately available, especially taking into account the inherent seasonality effect of our business where cash flow requirements are concentrated during a particular period of the year and the expected more substantial cash flow mismatch driven by our business strategy to undertake additional sizeable projects as illustrated above. As such, we consider that if we solely rely on our future operating cash flows to finance our expansion plan, our expansion plan may be susceptible to the timing when sufficient cash can be generated, which will unavoidably prolong or delay the timing of implementation of such expansion plan. As a result, we may fail to fully capture the emerging business opportunities driven by the forecasted growth in the industry as well as our upcoming growth.

In addition, during the Track Record Period, we recorded a high level of gearing ratio, which amounted to 114.2%, 92.4%, 88.3% and 84.4% as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively. The Group also recorded finance costs of RMB5.5 million, RMB8.2 million, RMB8.9 million and RMB3.0 million for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, respectively. In view of such high level of gearing ratio and finance costs, we are of the view that, instead of relying on our unutilised banking facilities to support our business expansion, it is more beneficial for us to use the net proceeds from the Listing which can provide us with additional financial resources without exposing ourselves to a higher gearing ratio that would otherwise subject ourselves to liquidity risk and the inherent risks of higher interest rate and finance costs, not to mention the additional benefits that equity financing may bring to us, such as enhanced corporate profile and brand awareness, additional way to raise funds for future business development as well as the provision of adequate funding for a full implementation of our expansion plan. Moreover, we consider that the unutilised banking facilities could rather serve as funding buffer for us to weather any material and unexpected adversities such as possible economic downturn, material adverse change in the education and government IT solutions markets or severe disasters.

Going forward, as we intend to expand our operations and further enhance our presence as an integrated IT solutions services provider in Guangxi and the PRC, undertaking more projects and/or sizeable projects with the net proceeds from the Global Offering will assist us to promote our brand and to achieve our future plans. Our Directors believe that, if our available financial resources can be strengthened, we shall be able to enhance our competitiveness and have more opportunities to participate in sizeable projects.

In this regard, we had adhered to prudent financial management to ensure capital sufficiency and thus had yet to tender for any projects on top of our current scale of operation. With reference to the gross profit margin of the our integrated IT solutions segment for the year ended 31 December 2022 of 47.7%, it is expected that the cost for each project would amount to approximately 50% of the contract sum and such amount is normally required to be paid by us before receipt of the contract sum payment from the relevant customer. Therefore, with the support of the net proceeds from the Global Offering of RMB20.0 million allocated for this purpose, we intend to tender for and finance additional projects with a total contract value of around RMB40 million, on top of our current scale of operation in the years ending 31 December 2023 and 2024. We believe that there will be sufficient market demand for us to undertake such amount of additional projects on top of our existing business scale.

Our Directors will closely monitor the tendering process and progress of projects and also the net proceeds from the Global Offering to evaluate our new and/or potential projects, if any, to ascertain our working capital needs for different projects from time to time.

- **Approximately 27.8%, or HK$26.8 million (equivalent to RMB23.9 million), of the net proceeds from the Global Offering will be used to establish and strengthen our research and development centres and recruit additional research and development staff to strengthen our research and development capabilities;**

The following table sets forth the breakdown of the estimated costs of hardware, software, equipment and accessories for establishing strengthen our research and development centres, with reference to the quotations obtained for purchasing the relevant hardware, software, equipment and accessories:

	Number	Amount
	(set)	*RMB'000*
Shenzhen		
Hardware		
— Cloud servers	5	1,000.0
— Gateway load balancers	1	365.0
— Data centre switch	2	230.0
— Application switch	2	19.6

	Number	Amount
	(set)	*RMB'000*
Software		
— Data centre management platform	1	500.0
— Virtualisation system	10	350.0
— Web resource publishing system	1	240.0
Equipment		
— Computer equipment	36	276.6
— Projecting equipment	1	15.0
— Printing equipment	2	14.9
Accessories (e.g. office equipment)	—	120.8
Subtotal		**3,131.9**
Chengdu		
Hardware		
— Cloud servers	3	600.0
— Gateway load balancers	1	370.0
— Data centre switch	1	115.0
— Application switch	2	19.6
Software		
— Virtualisation system	6	210.0
Equipment		
— Computer equipment	13	101.6
Accessories (e.g. office equipment)	—	19.8
Subtotal		**1,436.0**
Nanning		
Hardware		
— Cloud servers	2	400.0
— Data centre switch	1	115.0
— Application switch	1	9.8
Subtotal		**524.8**
Total		**5,092.7**

The following table sets forth the details of our intended recruitments of our research and development centres:

Location	Function	Field of experience	Qualifications	Number of recruits		Estimated range of annual salary	Total salary	
				Year ending 31 December			Year ending 31 December	
				2023	2024		2023	2024
							RMB million	*RMB million*
Shenzhen	Head of centre	At least eight years of experience in IT solutions market	University degree or with relevant experience	1	—	RMB900,000 to RMB1,100,000	0.5	1.0
	Senior engineer	At least five years of experience in IT solutions market	University degree or with relevant experience	3	—	RMB600,000 to RMB800,000	1.0	2.0
	Engineer	At least three years of experience in IT research and development	College degree or with relevant experience	10	2	RMB400,000 to RMB600,000	2.4	5.7
	Product manager	At least three years of experience in IT product management	University degree or with relevant experience	2	—	RMB500,000 to RMB700,000	0.6	1.2
Chengdu	Senior engineer	At least five years of experience in IT solutions market	University degree or with relevant experience	1	—	RMB500,000 to RMB700,000	0.3	0.6
	Engineer	At least four years of experience in IT research and development	College degree or with relevant experience	5	1	RMB300,000 to RMB500,000	1.0	2.5
Total							5.8	13.0

- **Approximately 9.1%, or HK$8.8 million (equivalent to RMB7.9 million), of the net proceeds from the Global Offering will be used to recruit additional staff in our sales and marketing team, project management team and technical team in support of our business expansion;**

The following table sets forth the details of our intended recruitments:

Department	Function	Field of experience	Qualifications	Number of recruits		Estimated range of annual salary	Total salary	
				Year ending 31 December			Year ending 31 December	
				2023	2024		2023	2024
							RMB million	*RMB million*
Management	General manager	At least ten years of experience in corporate management	University degree or with relevant experience	1	—	RMB300,000 to RMB500,000	0.2	0.4
Sales and marketing	Sales manager	At least five years of experience in sales and marketing	University degree or with relevant experience	5	1	RMB300,000 to RMB500,000	1.0	2.3
Project management	Pre-sales engineer	At least five years of experience in project management	University degree or with relevant experience	3	1	RMB250,000 to RMB400,000	0.5	1.3
Project management	Project manager	At least five years of experience in sales and marketing	University degree or with relevant experience	4	1	RMB200,000 to RMB250,000	0.4	1.1
Technical	Internet maintenance engineer	At least six years of experience in internet maintenance	University degree or with relevant experience	—	1	RMB150,000 to RMB200,000	—	0.2
Technical	After-sales technician	At least three years of experience in after sales maintenance	University degree or with relevant experience	—	1	RMB100,000 to RMB150,000	—	0.1
Finance	Finance manager	At least eight years of experience in financing	University degree or with relevant experience	—	1	RMB300,000 to RMB500,000	—	0.4
Total							2.1	5.8

- **Approximately 11.8%, or HK$11.4 million (equivalent to RMB10.2 million), of the net proceeds from the Global Offering will be used to upgrade our IT infrastructure including (i) upgrading and optimising our existing IT infrastructure including hardware and software which encompass functions of data storage, electronic documentation, communication technology network, computer systems and information security to enable us to effectively monitor and control our operations and (ii) setting up interactive information kiosks in our offices which will serve as direct access points to allow our existing and/or potential local customers to gain first-hand experience in the usage and functionality of our IT solutions services and products offered by us;**

The following table sets forth the breakdown of the estimated costs of hardware and equipment, software and accessories to be acquired, with reference to the quotations obtained for purchasing the relevant hardware, software, equipment and accessories:

	Number	Amount
	(set)	*RMB'000*
Hardware and equipment		
— Computer equipment	39	348.0
— Projecting equipment	5	104.6
— Printing equipment	14	112.8
Software		
— Centralised server room monitoring and managing system	3	196.8
Accessories (e.g. office equipment)	—	339.2
Interactive information kiosks		
— Product displaying equipment (e.g. audio equipment, cabling equipment, network equipment)	—	6,664.9
— Display system	—	2,428.3
Total		**10,194.6**

- **Approximately 20.4%, or HK$19.6 million (equivalent to RMB17.5 million), of the net proceeds from the Global Offering will be used to optimise our capital structure and improve our liquidity profile by repaying part of our bank borrowings; and**

As at 30 June 2023, we had bank and other loans of RMB153.9 million. We intend to use net proceeds to repay all or part of the following loans, which were used for our working capital requirements:

Lending bank	Amount	Effective interest rate per annum	Due date	Amount expected to be repaid by the net proceeds
	RMB'000	*%*		*RMB'000*
Guilin Bank Nanning Branch	15,000	7%	26/09/2023	15,000
China Guangfa Bank Nanning Branch	5,000	2.52%	30/10/2023	2,500
				17,500

- **The remaining balance of approximately 10.0%, or HK$9.6 million (equivalent to RMB8.6 million), of the net proceeds from the Global Offering will be used for working capital and general corporate purposes.**

If the Offer Price is fixed at HK$1.40 per Share, being the high-end of the indicative Offer Price range, and given that the Over-allotment Option is not exercised, we will receive additional net proceeds of HK$21.0 million. If the Offer Price is fixed at HK$1.05 per Share, being the low-end of the indicative Offer Price range, and given that the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by HK$21.0 million. In such events, we intend to apply the additional amounts to, or reduce the amounts allocated to the above uses on a pro rata basis.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares will be HK$22.0 million, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$1.225 per Share, being the mid-point of the indicative Offer Price range. We intend to use such additional net proceeds for the above uses on a pro rata basis.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we will only deposit such net proceeds into short-term interest-bearing bank deposits with licensed banks (as defined under the SFO or other applicable laws and regulations in the PRC).

We will issue an appropriate announcement if there is any material change in the aforementioned use of proceeds.

REASONS FOR THE LISTING

The followings are our main purposes for seeking the Listing:

- Listing provides us with additional access of equity funding by means of the issuance of new Shares. Our Directors believe that a combination of equity financing, debt financing and internal resources will provide a suitable capital structure to support our long term growth. Our operating cash flow mainly comprised of cash received from our customers net of operating expenses paid. Accordingly, we believe that external financings are beneficial to our future expansion plans as detailed in "Business — Our Business Strategies". Despite the cost of equity funding by way of the Global Offering after taking into account the Listing expenses might not be lower than debt financing, our Directors considered that:

  — the Global Offering will broaden our capital base and provide a platform for us to raise fund, on a recurring basis which is not limited to the amount of net proceeds to be raised in the Global Offering, to finance our future business expansion and long-term development;

  — equity financing is a more feasible fund raising method than debt financing to finance our long term future plans because financial institutions might request a significant amount of deposits, securities and properties to be pledged as a condition for obtaining debt financing. We may be subject to various covenants contained in relevant debt instruments that may restrict us from obtaining additional financing, conducting our business activities and distributing dividends;

— interest expenses will be incurred when we pursue debt financing exercise which will affect our financial performance. For the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023, our finance costs amounted to RMB5.5 million, RMB8.2 million, RMB8.9 million and RMB3.0 million, respectively; and

— the use of equity financing to finance our long term expansion plan would be a better alternative than debt financing to optimise our long term capital structure. As at 31 December 2020, 2021 and 2022 and 30 April 2023, our bank and other loans amounted to RMB86.1 million, RMB120.2 million, RMB157.9 million and RMB136.8 million, respectively. As our debt level increases, the cash outflow to repay principal and interest, and in turns the risk of bankruptcy will increase, leading to increasing implicit cost of financing from debt financing. As such, financial institutions will require higher interest rate for any new debt sought by us. As a result, the overall cost of debt, and in turns the average cost of capital will increase. Accordingly, despite none of our currently available cash on hand and unutilised banking facilities are restricted in their usage or have been earmarked for designated purpose, we do not intend to use our unutilised banking facilities to finance our expansion plans in light of our existing gearing ratio.

In addition, it is our intention to minimise connected transactions and related party transactions in order to achieve operational and financial independence from our Controlling Shareholders, executive Directors and their respective associates and to attain sustainable growth. Our Directors consider that a group of private companies, our Company, without a listing status, would be difficult to obtain bank borrowings with commercially acceptable terms without guarantees to be provided by the Controlling Shareholders. However, continuous reliance on our Controlling Shareholders, executive Directors and their respective associates for any form of financial assistance is a great hindrance to us in achieving financial independence. Our Directors therefore consider that it would not be in our interest to rely on debt financing that involve personal guarantees and/or collaterals provided by our Controlling Shareholders, executive Directors and their respective associates and advance from our Controlling Shareholders;

- providing a platform for us to access the capital markets for future secondary fund-raising through either (i) the issuance of shares or (ii) for debt securities, depending on the prevailing market condition at the time of capital needs. It can also provide additional funding sources to cater for our further expansion plans (other than those future plans stated in this prospectus) and when opportunities arise. Furthermore, the ability to obtain bank financing is generally easier with a listed entity as compared to a private entity and our Directors believe that a Listing status will allow us to gain leverage in obtaining bank financing with relatively more favourable terms in the PRC and Hong Kong, in which the latter in general has a lower interest rate than in the PRC;

- broadening our shareholder base and enhancing the liquidity of the Shares, as compared to the limited liquidity of the Shares that are privately held before the Listing;

- by way of the Listing, we can elevate our corporate image and status and provide reassurance and confidence to our customers and suppliers, which in turn provides a stronger bargaining position when exploring new business opportunities with our customers and suppliers; and

- enhancing employee incentive and commitment. As an integrated IT solutions services provider, experienced and quality staff are vital to our business operations and future development, being a listed company can help to attract, recruit and retain our valued management personnel, employees and skilled professionals to provide additional incentive. To this end, we have also put in place the Share Option Scheme for our employees in order to attract and retain talents. See "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus for a summary of principal terms of the scheme.

HONG KONG UNDERWRITERS

Hong Kong Underwriters

Quam Securities Limited

ABCI Securities Company Limited

BOCOM International Securities Limited

China Galaxy International Securities (Hong Kong) Co., Limited

CMB International Capital Limited

Guotai Junan Securities (Hong Kong) Limited

CMBC Securities Company Limited

Eddid Securities and Futures Limited

Innovax Securities Limited

Valuable Capital Limited

Yue Xiu Securities Company Limited

Zhongtai International Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to initially offer 12,500,000 new Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the approval for the listing of, and permission to deal in, all the Shares in issue and any Shares to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally (and not jointly nor jointly and severally) to subscribe for, or procure subscribers to subscribe for their respective applicable proportions of the Hong Kong Offer Shares which are not taken up under the Hong Kong Public Offer on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. In addition, the Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been executed, becoming, and continuing to be unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers to subscribe for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) shall have the absolute right, in its sole and absolute discretion, to terminate the Hong Kong Underwriting Agreement by notice in writing to our Company with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Overall Coordinator:

(i) any statement contained in this prospectus, the **GREEN** Application Form(s), the post hearing information pack, the formal notice, document or information provided to the Sole Sponsor and/or the Sole Overall Coordinator and any announcement, or document issued by our Company in connection with the Global Offering (including any supplement or amendment thereto) (the "**Offer Documents**") which, considered by the Sole Overall Coordinator in its sole and absolute opinion was, when it was issued, or has become, or has been discovered to be untrue, incorrect, inaccurate or misleading or deceptive or any expression of opinion, intention or expectation contained in any such document is not, in the sole and absolute opinion of the Sole Overall Coordinator, honest, when taken as a whole; or

(ii) any matter has arisen or has been discovered which, had it arisen or been discovered immediately before the date of this prospectus, would have constituted, in the reasonable opinion of the Sole Overall Coordinator, an omission from the Offer Documents in the context of the Global Offering; or

(iii) either (1) there has been a material breach of any of the representations, warranties or undertakings given, or deem to be repeated by our Company, our executive Directors and our Controlling Shareholders in the Hong Kong Underwriting Agreement or any other provisions of the Hong Kong Underwriting Agreement by any party thereto (other than the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries); or (2) any matter or event showing or rendering any of the said representations, warranties or undertakings contained in the Hong Kong Underwriting Agreement, in the sole and absolute opinion of the Sole Overall Coordinator, to be untrue, incorrect, inaccurate or misleading or deceptive in any material respect when given or repeated; or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of our Company or any of our executive Directors or Controlling Shareholders pursuant to the indemnity provisions under the Hong Kong Underwriting Agreement or the Hong Kong Public Offer to be performed or implemented or envisaged; or

(v) any event, series of events, matter or circumstance occurs or arises on or after the date of the Hong Kong Underwriting Agreement and prior to 8:00 a.m. on the Listing Date, being an event, a series of events, matter or circumstance which, if it had occurred before the date of the Hong Kong Underwriting Agreement, would have rendered any of the representations, warranties or undertakings given, or deem to be repeated by our Company, our executive Directors and our Controlling Shareholders in the Hong Kong Underwriting Agreement, in the sole and absolute opinion of the Sole Overall Coordinator, untrue, incorrect, inaccurate or misleading or deceptive; or

(vi) approval by the Listing Committee of the listing of, and permission to deal in, our Shares (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme) is refused or not granted before the Listing Date, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vii) our Company withdraws any of the Offer Documents (and/or any other documents used in connection with the contemplated subscription of the Offer Shares) or the Global Offering; or

(viii) any person (other than the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Hong Kong Underwriters or the Capital Market Intermediaries) has withdrawn or sought to withdraw its consent to the issue of any of the Offer Documents with the inclusion of its reports, letters, summaries of valuation and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(ix) there shall develop, occur, exist, or come into effect:

(i) any event, or series of events, in the nature of force majeure, including, without limitation, acts of government or orders of any courts, labour disputes, riots, strikes, calamity, crisis, public disorder, lock-outs (whether or not covered by insurance), fire, explosion, flooding, earthquake, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, economic sanctions, outbreaks of diseases or epidemics (including but not limited to COVID-19, swine influenza (H1N1), Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Middle East Respiratory Syndrome and other related or mutated form), accidents, interruption or delay in transportation, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in Hong Kong, the BVI, the Cayman Islands, the PRC or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group (the "**Relevant Jurisdictions**"); or

(ii) any change or development involving a prospective change, or any event or series of events, matter or circumstance resulting or likely to result in or represent any change or development involving a prospective change, in the local, national, regional, international financial, economic, political, military, industrial, fiscal, regulatory, currency, equity securities, credit, market, exchange control, stock market, financial market or other market conditions or any monetary or trading settlement system or matters and/or disaster (including without limitation any change in the system or matter under which the value of the Hong Kong dollar is linked to that of the USD, or a material fluctuation in the exchange rate of the Hong Kong dollar or the RMB against any foreign currency, or any interruption in securities settlement or clearance service or procedures) in or affecting the Relevant Jurisdictions; or

(iii) any change in the general fund raising environment in the Relevant Jurisdictions; or

(iv) any new law or regulation or any change or development involving a prospective change in existing laws or regulations, or any change or development involving a prospective change in the interpretation or application thereof by any court or other authority in the Relevant Jurisdictions; or

(v) the imposition of economic sanctions or changes in existing economic sanctions, or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, the Relevant Jurisdictions; or

(vi) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control, currency exchange rates or foreign investment laws or regulations) in any of the Relevant Jurisdictions; or

(vii) any changes or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" of this prospectus; or

(viii) any litigation or claim of importance being instigated against any member of our Group or any Director; or

(ix) an executive Director being charged with an indictable offence involving dishonesty, fraud or which goes towards his or her integrity or prohibited by operation of law or regulation or otherwise disqualified from taking part in the management of a company; or

(x) the chairman or chief executive officer of our Company vacating his/her office; or

(xi) the commencement by any governmental, judicial, regulatory or political body or organisation of any investigation or other action against a Director or any member of our Group or an announcement by any governmental, judicial, regulatory or political body or organisation that it intends to take any such action; or

(xii) any contravention by any member of our Group or any Director or any Controlling Shareholder of the Companies Ordinance, the Companies (WUMP) Ordinance, the Companies Act, the Listing Rules, the SFO or any applicable laws, rules, regulations, guidelines, opinions (rules and regulations whether formally published or not), notices, circulars, orders, judgements, decrees or rulings of any court, government, governmental or regulatory authority (including, without limitation, the Stock Exchange and the SFC); or

(xiii) a prohibition on our Company for whatever reason from offering, allotting and issuing any of the Offer Shares pursuant to the terms of the Hong Kong Public Offer and/or the Global Offering; or

(xiv) save as disclosed (as defined in the Hong Kong Underwriting Agreement), any non-compliance by any member of our Group or any Director or any Controlling Shareholder of this prospectus (and/or any other documents used in connection with the subscription of the Offer Shares) or any respect of the Hong Kong Public Offer and/or the Global Offering with the Listing Rules of any applicable laws and regulations; or

(xv) the issue or requirement to issue by our Company of a supplement or amendment to any of the Offer Documents (and/or any other documents used in connection with the issue of the Offer Shares) pursuant to the Companies (WUMP) Ordinance or the Listing Rules in circumstances where the matter to be disclosed is, in the reasonable opinion of the Sole Sponsor or the Sole Overall Coordinator, adverse to the marketing for or implementation of the Global Offering; or

(xvi) a demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xvii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xviii) any change or prospective change in the earnings, results of operations, business, business prospectus, financial or trading position, conditions or prospects (financial or otherwise) of our Company or any member of our Group (including any litigation or claim of material importance being instigated against our Company or any member of our Group); or

(xix) a petition or order is presented for the winding-up or liquidation of any member of our Group or any member of our 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 our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any members of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(xx) a disruption in or a general moratorium on commercial banking activities or foreign exchange trading or securities settlement, or payment or clearance services or procedures in or affecting any of the Relevant Jurisdictions; or

(xxi) the imposition of any moratorium, suspension or restriction on trading in shares or securities generally on or by the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or minimum or maximum prices for trading having been fixed, or minimum or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority,

which, in each case or in aggregate, in the sole and absolute opinion of the Sole Overall Coordinator:

(A) is or may or will be or is likely to be materially adverse to or may prejudicially affect the general affairs, management, business, financial, trading or other conditions or prospects of our Group taken as a whole or any member of our Group or to any present or prospective shareholder in his/her/its capacity; or

(B) has or may or will have or is likely to have a material adverse effect on the success of marketability or pricing of the Global Offering or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or

(C) makes or may or will make it inadvisable, inexpedient or impracticable to proceed with or to market the Hong Kong Public Offer and/or the International Placing on the terms and in the manner contemplated in the Underwriting Agreements and the Offer Documents (where appropriate); or

(D) has or may or will or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of implementation or performance in accordance with its terms and in the manner contemplated by any of the Offer Documents and the Hong Kong Underwriting Agreement or which prevents or delays the processing of applications and/or payments pursuant to the Hong Kong Public Offer and/or the Global Offering or pursuant to the underwriting thereof.

Indemnity

Our Company, our Controlling Shareholders and our executive Directors, have agreed jointly and severally to indemnify the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer, including losses arising from, among others, their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company, our Controlling Shareholders and our executive Directors of the Hong Kong Underwriting Agreement.

Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken irrevocably and unconditionally with the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, and each of our executive Directors and Controlling Shareholders has jointly and severally undertaken irrevocably and unconditionally with the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries to procure that:

(a) except for the issue of the Shares pursuant to the Global Offering, the Capitalisation Issue, the exercise of the Over-allotment Option, the grant of options under the Share Option Scheme and the issue of Shares on exercise thereof or as otherwise with the prior written consent of the Sole Sponsor and the Sole Overall Coordinator, and unless in compliance with the Listing Rules, our Company will not, and will procure none of our subsidiaries will, at any time during the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders 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**"):

(i) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or, as applicable to our subsidiaries only, repurchase, any of its share capital, debt capital or any securities of our Company or any of our subsidiaries or any interest therein (including but not limited to any warrants and securities convertible into or exercisable or exchangeable for or that represent the right to receive, or any warrants or other rights to purchase, any such share capital or securities or interest therein, as applicable); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein as described in paragraph (i) above; or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or

(iv) offer to or agree or contract to or publicly announce any intention to enter into or effect any of the transactions referred to in paragraph (i), (ii) or (iii) above,

in each case, whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of our Company, in cash or otherwise (whether or not the issue of the Shares or such other securities of our Company will be completed within the aforesaid period); and

(b) in the event of our Company entering into or agreeing to enter into any of the foregoing transactions in respect of any Share or other securities of our Company or any interest therein by virtue of the aforesaid exceptions or during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), our Company will take all reasonable steps to ensure that such action will not create a disorderly or false market in any of the Shares or other securities of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally undertaken to the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, save as pursuant to the Share Option Scheme and the Stock Borrowing Agreement, he/she/it will not and will procure that the relevant registered holder(s) and his/her/its close associates and companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it will not, without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator and unless in compliance with the Listing Rules:

(a) at any time during the First Six-Month Period:

(i) offer, accept subscription for, sell, pledge, mortgage, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital of our Company or any securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein); 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 share capital, debt capital or other securities of our Company or any interest therein; or

(iii) enter or agree to enter into, conditionally or unconditionally, or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (i) or (ii) above; or

(iv) offer to or agree or contract to or publicly announce any intention to enter into or effect any of the transactions referred to in paragraph (i), (ii) or (iii) above,

whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of our Company, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so; and

(b) at any time during the Second Six-Month Period, enter into any of the foregoing transactions in paragraph (a) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it will cease to be a controlling shareholder (as defined in the Listing Rules) and/or a group of controlling shareholders (as defined in the Listing Rules) of our Company (as the case may be).

Each of our Controlling Shareholders has jointly and severally undertakes to the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that:

(a) until the expiry of the Second Six-Month Period, in the event that he/she/it enters into any such transactions referred to in paragraph (a) or (b) above or agrees or contracts to or publicly announces an intention to enter into any such transactions by virtue of the aforesaid exceptions, he/she/it will take all reasonable steps to ensure that such action will not create a disorderly or false market in the Shares or other securities of our Company;

(b) comply with the requirements of Rule 10.07(1) and Notes (1), (2) and (3) to Rule 10.07(2) of the Listing Rules, to procure that our Company will comply with the requirements under Note (3) to Rule 10.07(2) of the Listing Rules, and comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/her/it or by the registered holder controlled by him/her/it and his/her/its close associates and companies controlled by him/her/it of any Shares or other securities of our Company; and

(c) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling twelve (12) months from the Listing Date, our Controlling Shareholders will:

    (i) when he/she/it pledges or charges any Shares or other securities or interests in the securities of our Company in respect of which he/she/it is the beneficial owner, immediately inform our Company and the Stock Exchange in writing of any such pledges or charges together with the number of Shares or other securities of our Company and nature of interest so pledged or charged; and

(ii) when he/she/it receives any indication, whether verbal or written, from any such pledgee of chargee that any of the pledged of charged Shares or securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Stock Exchange in writing of any such indication.

Our Company has undertaken to the Sole Sponsor, and our executive Directors and our Controlling Shareholders have undertaken to the Sole Sponsor that they will procure our Company to, inform the Stock Exchange as soon as our Company has been informed of the matters mentioned in paragraph (a), (b) or (c) above, and to make a public disclosure of such matters as soon as possible thereafter in accordance with the Listing Rules.

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 no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company 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 pursuant to the Global Offering (including the exercise of the Over-allotment Option) and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08(1) to (5) of the Listing Rules, which include the grant of options and the issue of Shares pursuant to the Share Option Scheme.

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and our Company that except pursuant to the Global Offering (including the exercise of the Over-allotment Option) or unless in compliance with the requirements of the Listing Rules, he/she/it shall not, and shall procure that the relevant registered holder(s) shall not:

(a) at any time during 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 Shares or other securities of our Company in respect of which he/she/it is shown by this prospectus to be beneficial owner(s); or

(b) at any time during 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/it would cease to be a controlling shareholder (as defined in the Listing Rules) and/or a group of controlling shareholders (as defined in the Listing Rules) of our Company (as the case may be).

Our Controlling Shareholders have further undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

(a) when he/she/it pledges or charges any Shares or other securities of our Company beneficially owned by him/her/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of such Shares or other securities of our Company so pledged or charged; and

(b) when he/she/it receives indications, either verbal or written, from the 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 of such indications.

International Placing

In connection with the International Placing, it is expected that our Company and the covenantors to be named therein (namely our Controlling Shareholders and our executive Directors) will enter into the International Underwriting Agreement with inter alia, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the International Underwriters on terms and conditions that are substantially similar to the Hong Kong Underwriting Agreement as described above and on the additional terms described below.

Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters are expected to severally (and not jointly nor jointly and severally) agree to act as agents of our Company to procure subscribers for the International Placing Shares initially being offered pursuant to the International Placing (subject to, amongst others, any reallocation between the International Placing and the Hong Kong Public Offer, and excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the Hong Kong Underwriting Agreement is not entered into, the Global Offering will not proceed. The International Underwriting Agreement is conditional on and subject to the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Hong Kong Underwriting Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Hong Kong Underwriting Agreement as described in "— Underwriting arrangements and expenses — Hong Kong Public Offer — Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement".

Commission and expenses

The Company has agreed to pay the Sole Overall Coordinator (for itself and on behalf of the Underwriters) a fixed underwriting commission of 3% of the aggregate Offer Price of all the Offer Shares ("**Fixed Fees**"). In addition, at the sole discretion of our Company, any one or more of the Underwriters or the Capital Market Intermediaries (including the Sole Overall Coordinator) may receive a discretionary incentive fee of up to but not exceeding 1% of the aggregate Offer Price payable for the Offer Shares (the "**Discretionary Fees**"). Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and Discretionary Fees payable by our Company is therefore 75:25.

For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, the underwriting commission will not be paid to the Hong Kong Underwriters, but will instead be paid to the relevant International Underwriters at the rate applicable to the International Placing.

The underwriting commission, documentation and advisory fee, listing fees, the Stock Exchange trading fee, the SFC transaction levy, the AFRC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering, assuming an Offer Price of HK$1.225 (being the mid-point of the indicative Offer Price range), are estimated to amount to approximately HK$52.3 million in total (assuming the Over-allotment Option is not exercised), and are payable by our Company.

UNDERWRITERS' INTERESTS IN OUR GROUP

Save as provided for under the Underwriting Agreements, none of the Underwriters, as at the Latest Practicable Date, had any shareholding interests in any member of our Group nor had any right or option (whether legally enforceable or not) to subscribe for or purchase or nominate persons to subscribe for or purchase any Shares.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

MINIMUM PUBLIC FLOAT

Our Company will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. Quam Capital Limited is the Sole Sponsor for the listing of the Shares on the Stock Exchange.

The Global Offering comprises:

— the Hong Kong Public Offer of 12,500,000 Shares, subject to reallocation as mentioned below, for subscription by the public in Hong Kong as described in "— Hong Kong Public Offer" in this section; and

— the International Placing of 112,500,000 Shares, subject to reallocation and the Over-allotment Option as mentioned below, with selected professional, institutional and other investors as described in "— International Placing" in this section.

Up to 18,750,000 additional Shares may be offered pursuant to the exercise of the Over-allotment Option as set forth in the paragraph headed "Over-allotment Option" in this section.

Investors may apply for our Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest, if qualified to do so, for our International Placing Shares under the International Placing, but may not do both. Reasonable steps will be taken to identify and reject: (a) applications in the Hong Kong Public Offer from investors who have applied for International Placing Shares under the International Placing; and (b) applications or indications of interest in the International Placing from investors who have applied for Hong Kong Offer Shares under the Hong Kong Public Offer.

The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and other investors. The International Placing will involve selective marketing of our International Placing Shares to institutional and professional investors and other investors outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring our International Placing Shares in the International Placing. Prospective investors will be required to specify the number of International Placing Shares they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Global Offering respectively may be subject to reallocation and, in the case of the International Placing only, the Over-allotment Option as set out in the paragraph headed "Over-allotment Option" in this section. References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate only to the Hong Kong Public Offer.

PRICING AND ALLOCATION

Offer Price

The Offer Price will be not more than HK$1.40 per Offer Share and is expected to be not less than HK$1.05 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, as explained below.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants under the Hong Kong Public Offer must pay, on application, the maximum indicative Offer Price of HK$1.40 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%, amounting to a total of HK$2,828.24 for one board lot of 2,000 Shares. This prospectus includes a table showing the exact amount payable on certain numbers of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK$1.40, appropriate refund payments (including the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. For further details, please see "How to Apply for Hong Kong Offer Shares — 13. Refund of application monies".

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring our Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on the Price Determination Date.

The Offer Price is expected to be fixed by agreement between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or about Wednesday, 4 October 2023.

If, for any reason, our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) are unable to reach agreement on the Offer Price, the Global Offering will not become unconditional and will lapse immediately.

Reduction in Offer Price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Sole Overall Coordinator (for itself and on behalf of the Underwriters) consider it appropriate and together with the consent of our Company, the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may be reduced below that stated in this prospectus at any time not later than the morning of the last day for lodging applications under the Hong Kong Public Offer.

In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, cause to be published on the website of our Company at **www.maiyuesoft.com** and the website of the Stock Exchange at **www.hkexnews.hk** notice of reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Upon issue of such notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed "Summary" of this prospectus and any other financial information which may change as a result of such reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change and, where appropriate, extend the period under which the Hong Kong Public Offer was open for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and require investors who had applied for the Hong Kong Offer Shares to positively confirm their applications for Offer Shares in light of the change in the number of Offer Shares and/or the Offer Price. In the absence of any such notice and supplemental prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offer, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants who have submitted an application under the Hong Kong Public Offer will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received. Applicants will be notified that they are required to confirm their applications, but if such applicants who have been so notified have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of the Hong Kong Offer Shares, the Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offer and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offer shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offer and the Offer Shares to be offered in the International Placing may, in certain circumstances, be reallocated between these offerings in the sole discretion of the Sole Overall Coordinator (for itself and on behalf of the Underwriters).

Before submitting applications for 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 indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer.

Allocation

The Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the sole discretion of the Sole Overall Coordinator.

Allocation of the Offer Shares pursuant to the International Placing will be determined by the Sole Overall Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares after Listing. Such allocation may be made to professional, institutional and other investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of our Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Announcement of final Offer Price and basis of allocations

The final Offer Price, the level of indications of interest in the International Placing, the level of applications under the Hong Kong Public Offer and the basis of allocations of the Hong Kong Offer Shares are expected to be announced on Tuesday, 10 October 2023 on the website of our Company at **www.maiyuesoft.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

Results of allocations in the Hong Kong Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Hong Kong Offer Shares successfully applied for under the Hong Kong Public Offer, will be made available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of results" of this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares pursuant to the Global Offering will be conditional upon, among other things:

(a) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Global Offering and any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed on the Price Determination Date;

(c) the execution and delivery of the Underwriting Agreements in accordance with their respective terms; and

(d) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions (save for certain exceptions) by the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event no later than 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offer and the International Placing 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 times and dates specified, the Global Offering will lapse immediately and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Hong Kong Public Offer on the next business day following such lapse on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.maiyuesoft.com**. In the event of such lapse, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares". In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares are expected to be issued on Tuesday, 10 October 2023 but will only become valid evidence of title at 8:00 a.m. on Wednesday, 11 October 2023 provided that: (a) the Global Offering has become unconditional in all respects; and (b) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offer — Grounds for termination" of this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or prior to the Share certificates bearing valid evidence of title do so entirely at their own risk.

HONG KONG PUBLIC OFFER

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. The Hong Kong Public Offer and the International Placing are subject to the conditions set out in "— Conditions of the Global Offering" in this section. The Hong Kong Underwriting Agreement and the International Underwriting Agreement shall be conditional upon each other.

Number of Offer Shares initially offered

Our Company is initially offering 12,500,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and assuming that the Over-allotment Option is not exercised). Subject to any reallocation of Offer Shares between the Hong Kong Public Offer and the International Placing, the number of Hong Kong Offer Shares will represent 2.5% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised. Completion of the Hong Kong Public Offer is subject to the conditions set out in the paragraph headed "Conditions of the Global Offering" in this section. The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and other investors. Professional investors generally include brokers, dealers companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. 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 would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the Hong Kong Offer Shares being offered for subscription under the Hong Kong Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offer and the International Placing) will be divided equally into two pools (subject to adjustment of odd lot size): pool A and pool B.

Pool A will comprise 6,250,000 Hong Kong Offer Shares and pool B will comprise 6,250,000 Hong Kong Offer Shares initially, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage of 1%, the SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%) of HK$5 million or below will fall into pool A and all valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage of 1%, the SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%) of over HK$5 million and up to the total value of pool B will fall into pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only apply for Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only receive Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools will be rejected.

No application will be accepted from applicants for more than 6,250,000 Hong Kong Offer Shares (being 50% of the initial number of Hong Kong Offer Shares).

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offer and the International Placing is subject to reallocation. A clawback mechanism will be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares under the Hong Kong Public Offer to a certain percentage of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached.

(a) In the event that the International Placing Shares are fully subscribed or oversubscribed under the International Placing:

  (i) if the Hong Kong Offer Shares are undersubscribed, the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), at its sole and absolute discretion, may reallocate all or any of the unsubscribed Hong Kong Offer Shares from the Hong Kong Public Offer to the International Placing;

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed and the number of Offer Shares validly applied for under the Hong Kong Public Offer represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offer, then up to 12,500,000 Offer Shares may be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offer will be increased to 25,000,000 Offer Shares, representing approximately 20% of the total number of Offer Shares initially available for subscription under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offer, then upto 25,000,000 Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offer will be 37,500,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available for subscription under the Global Offering;

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offer, then upto 37,500,000 Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offer will be 50,000,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available for subscription under the Global Offering; and

(v) if the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offer, then upto 50,000,000 Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offer will be 62,500,000 Offer Shares, representing approximately 50% of the number of the Offer Shares initially available for subscription under the Global Offering.

(b) In the event that the International Placing Shares are undersubscribed under the International Placing:

(i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering shall not proceed unless fully underwritten by the Underwriters pursuant to the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 12,500,000 Offer Shares may be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offer will be increased to 25,000,000 Offer Shares, representing 20% of the total number of Offer Shares initially available for subscription under the Global Offering.

In all cases, the number of the Hong Kong Offer Shares allocated to the International Placing will be correspondingly reduced.

In addition, the Offer Shares to be offered in the Hong Kong Public Offer and the International Placing may in certain circumstances be reallocated as between these offerings at the sole discretion of the Sole Overall Coordinator (for itself and on behalf of the Underwriters). In accordance with Guidance Letter HKEx-GL91-18 (February 2018) (updated in August 2022) issued by the Stock Exchange, if such reallocation is conducted other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be allocated to the Hong Kong Public Offer shall be not more than 25,000,000 Offer Shares, representing double of the initial allocation to the Hong Kong Public Offer and the final Offer Price shall be fixed at HK$1.05 per Offer Share, the low-end of the indicative Offer Price range stated in this prospectus.

Details of any reallocation of Offer Shares between the Hong Kong Public Offer and the International Placing will be disclosed in the results announcement of the Global Offering, which is expected to be published on Tuesday, 10 October 2023.

If the Hong Kong Public Offer is not fully subscribed for, the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) has the authority to reallocate all or any of the unsubscribed Hong Kong Offer Shares originally included in the Hong Kong Public Offer to the International Placing in such number as it deems appropriate to satisfy demand under the International Placing.

Applications

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing, and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Sole Overall Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that it is excluded from any application for Offer Shares under the Hong Kong Public Offer.

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum price of HK$1.40 per Offer Share in addition to any brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565% payable on each Offer Share, amounting to a total of HK$2,828.24 for one board lot of 2,000 Shares. If the Offer Price, as finally determined in the manner in the paragraph headed "Pricing and allocation — Determining the Offer Price" in this section, is less than the maximum price of HK$1.40 per Share, appropriate refund payments (including the brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565% attributable to the surplus application monies) will be made to successful applicants, without interest. Please see "How to Apply for Hong Kong Offer Shares" for further details. References in this prospectus to applications, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offer.

INTERNATIONAL PLACING

The International Placing is expected to be fully underwritten by the International Underwriters on a several basis. Our Company expects to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

Number of International Placing Shares initially offered

The number of Offer Shares to be initially offered for subscription by our Company under the International Placing will be 112,500,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Global Offering (subject to reallocation and assuming that the Over-allotment Option is not exercised). Subject to any reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the number of International Placing Shares will represent 22.5% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised. The International Placing is subject to the same conditions set out in the paragraph headed "Conditions of the Global Offering" in this section.

Allocation

The International Placing will include selective marketing of Offer Shares to professional, institutional 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 businesses involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

The International Placing Shares will be allocated in accordance with the book-building process described in the paragraph headed "Pricing and allocation — Determining the Offer Price" in this section, and is based on several 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 Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to achieve a distribution of the Shares that would allow for the establishment of a solid professional and institutional shareholder base which will be beneficial to our Company and our Shareholders as a whole.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Sole Overall Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters exercisable at the sole discretion of the Sole Overall Coordinator (for itself and on behalf of the International Underwriters). Pursuant to the Over-allotment Option, the Sole Overall Coordinator (for itself and on behalf of the International Underwriters) have the right, exercisable at anytime from the Listing Date until the 30th day after the last day for lodging applications under the Hong Kong Public Offer, to require our Company to allot and issue up to an aggregate of 18,750,000 additional Shares, representing 15% of the Offer Shares initially offered under the Global Offering, at the Offer Price, to cover over-allotment in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.61% of our Company's enlarged issued share capital immediately following the completion of the Capitalisation Issue and the Global Offering and the exercise of the Over-allotment Option (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme). In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the requirements of the Listing Rules.

STABILISATION ACTION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time to minimise and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activities aimed at reducing the market price are prohibited and the price at which stabilisation is carried out is not permitted to exceed the Offer Price.

We have appointed Quam Securities Limited as the Stabilising Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong). In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or carry out transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period commencing on the Listing Date and expected to end on the 30th day from the last day for lodging applications under the Hong Kong Public Offer. 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. Any market purchase of the Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilising activity, which if commenced, will be conducted at the sole and absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time. Any such stabilising activity must cease on the 30th day after the last day for lodging applications under the Hong Kong Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued by our Company under the Over-allotment Option, namely 18,750,000 additional Shares in aggregate, which represents 15% of the Offer Shares initially offered under the Global Offering.

The types of stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong) include:

(a) over-allocation for the purpose of preventing or minimising any reduction in the market price of our Shares;

(b) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares;

(c) purchasing, or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares;

(e) selling, or agreeing to sell, our Shares in order to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) or (e) above.

The Stabilising Manager, its affiliates or any person acting for it, may take all or any of the above stabilising actions in Hong Kong during the stabilisation period. Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilising Manager, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares, and there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, its affiliates or any person acting for it, will maintain such a position. Investors should be warned of the possible impact of any liquidation of such long position by the Stabilising Manager, its affiliates or any other person acting for them, which may have an adverse impact on the market price of the Shares;

(b) stabilising action cannot be used to support the price of the Shares for longer than the stabilising period, which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day from the last date for lodging applications under the Hong Kong Public Offer. After this date, no further stabilising action may be taken, and therefore the demand for the Shares as well as the price of the Shares, could fall;

(c) there is no assurance that the price of the Shares will stay at or above the Offer Price either during or after the stabilising period by taking any stabilising action; and

(d) stabilising bids may be made or transactions carried out in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions carried out at a price below the price paid by applicants or investors for the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Sole Overall Coordinator may over-allocate up to and not more than an aggregate of 18,750,000 additional Shares and cover such over-allocation by (a) exercising the Over-allotment Option, which will be exercisable by the Sole Overall Coordinator (for itself and on behalf of the International Underwriters) at their sole discretion; or (b) by making purchases in the secondary market at prices that do not exceed the Offer Price or through the Stock Borrowing Agreement or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocation in connection with the International Placing, the Stabilising Manager may choose to borrow up to 18,750,000 Shares from Deep Blue Ocean pursuant to the Stock Borrowing Agreement. If such Stock Borrowing Agreement is entered into, it will comply with the requirements set forth in Rule 10.07(3) of the Listing Rules and thus not subject to the restrictions of Rule 10.07(1) of the Listing Rules, and it will only be effected by the Stabilising Manager for settlement of over-allocation in the International Placing.

If the Stock Borrowing Agreement is entered into, the Stabilising Manager may borrow Shares from Deep Blue Ocean on the following conditions:

(a) such stock borrowing arrangement will be for the sole purpose of settling over-allocations of Shares under the International Placing and covering any short position prior to the exercise of the Over-allotment Option in the International Placing;

(b) the maximum number of Shares to be borrowed from Deep Blue Ocean will be limited to 18,750,000 Shares, being the maximum number of Shares which our Company may be required to issue upon full exercise of the Over-allotment Option;

(c) the same number of Shares borrowed from Deep Blue Ocean must be re-delivered to it on the third Business Day following the earliest of:

   (i) the last day on which the Over-allotment Option may be exercised; and

   (ii) the day on which the Over-allotment Option is exercised in full;

(d) the stock borrowing arrangement will be carried out in compliance with all applicable laws, rules, regulations or other regulatory requirements and the terms and conditions of the Stock Borrowing Agreement; and

(e) no interest whatsoever will be made to Deep Blue Ocean by the Stabilising Manager in relation to such stock borrowing arrangement.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposits, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. 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 adviser for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advice for details of these settlement arrangement and how such arrangements will affect their rights and interests.

DEALINGS

Assuming that the Global Offering becomes unconditional at or before 8:00 a.m. on Wednesday, 11 October 2023, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 11 October 2023. The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares is 2501.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offer. 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 Offer.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.maiyuesoft.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 (WUMP) 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 online via the **HK eIPO White Form** service for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

Thursday, 28 September 2023 — 9:00 a.m. to 6:00 p.m.
Friday, 29 September 2023 — 9:00 a.m. to 6:00 p.m.
Tuesday, 3 October 2023 — 9:00 a.m. to 6:00 p.m.
Wednesday, 4 October 2023 — 9:00 a.m. to 12:00 noon

1. HOW TO APPLY

Our Company 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 Placing Shares.

To apply for Hong Kong Offer Shares, you may:

(1) apply online via the **HK eIPO White Form** service at **www.hkeipo.hk** or in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**); or

(2) apply through **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 Centre 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. The Company, the Sole Overall Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;

- have a Hong Kong address; and
- are outside the United States, and are not a US Person (as defined in Regulation S under the U.S. Securities Act).

If you apply for Hong Kong Offer Shares online through the **HK eIPO White Form** service, in addition to the above, you must also:

(i) have a valid Hong Kong identity card number/passport number (for individual applicant) or Hong Kong business registration number/certificate of incorporation number (for body corporate applicant);

(ii) have a Hong Kong address; and

(iii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Overall Coordinator may accept it at its discretion and on any conditions it think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** 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 in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above; or

- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Overall Coordinator (or its 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 our Articles of Association;

(ii) agree to comply with the Companies (WUMP) Ordinance, the Companies Ordinance, the Companies Act and our Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and the Capital Market Intermediaries nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) 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 (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number of such Shares allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or our agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters, the Capital Market Intermediaries, and/or their respective advisers and agents will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person 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

You may apply through the **HK eIPO White Form** service or give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be 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	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*
2,000	2,828.24	90,000	127,270.71	2,000,000	2,828,238.00
4,000	5,656.48	100,000	141,411.90	2,500,000	3,535,297.50
6,000	8,484.71	200,000	282,823.80	3,000,000	4,242,357.00
8,000	11,312.95	300,000	424,235.70	3,500,000	4,949,416.50
10,000	14,141.19	400,000	565,647.60	4,000,000	5,656,476.00
20,000	28,282.38	500,000	707,059.50	4,500,000	6,363,535.50
30,000	42,423.56	600,000	848,471.40	5,000,000	7,070,595.00
40,000	56,564.75	700,000	989,883.30	5,500,000	7,777,654.50
50,000	70,705.96	800,000	1,131,295.20	6,000,000	8,484,714.00
60,000	84,847.15	900,000	1,272,707.10	6,250,000*	8,838,243.76
70,000	98,988.34	1,000,000	1,414,119.00		
80,000	113,129.52	1,500,000	2,121,178.50		

* 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.

5. APPLYING THROUGH HK EIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "2. Who can apply" in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk** or the **IPO App**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website or the **IPO App**. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website or the **IPO App**, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

If you have any question about the application online via the **HK eIPO White Form** service for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

Thursday, 28 September 2023 — 9:00 a.m. to 6:00 p.m.
Friday, 29 September 2023 — 9:00 a.m. to 6:00 p.m.
Tuesday, 3 October 2023 — 9:00 a.m. to 6:00 p.m.
Wednesday, 4 October 2023 — 9:00 a.m. to 12:00 noon

Time for Submitting Applications under the HK eIPO White Form service

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** or the **IPO App** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 28 September 2023 until 11:30 a.m. on Wednesday, 4 October 2023 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 4 October 2023 or such later time under the "10. Effect of bad weather and/or Extreme Conditions on the opening of the applications lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Hong Kong Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

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.

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 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Overall Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** (either indirectly through a broker or custodian or directly) to apply for the Hong Kong Offer Shares and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number of such Shares allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as an agent;

- confirm that you understand that our Company, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters, the Capital Market Intermediaries, and/or their respective advisers and agents will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Overall Coordinator, the Underwriters, the Capital Market Intermediaries and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for 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 our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (WUMP) Ordinance, the Companies Ordinance and our Articles of Association;

- agree with our Company, for itself and for the benefit of each shareholder of our Company 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 of our Company 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 of our Company or any rights or obligations conferred or imposed by the Companies Ordinance or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association of our Company;

  (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;

- agree with our Company (for our Company itself and for the benefit of each shareholder of our Company) that Shares in our Company are freely transferable by their holders;

- authorise our Company to enter into a contract on its behalf with each director and officer of our Company whereby each such director and officer undertakers 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 the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, AFRC 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 per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in this prospectus. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:(1)

Thursday, 28 September 2023 — 9:00 a.m. to 8:30 p.m.
Friday, 29 September 2023 — 8:00 a.m. to 8:30 p.m.
Tuesday, 3 October 2023 — 8:00 a.m. to 8:30 p.m.
Wednesday, 4 October 2023 — 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 28 September 2023 until 12:00 noon on Wednesday, 4 October 2023 (24 hours daily, except on Wednesday, 4 October 2023, the last application day).

(1) These 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.

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 4 October 2023, the last application day or such later time as described in the paragraph headed "10. Effect of bad weather and/or Extreme Conditions on the opening of the application lists" in this section.

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.

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 shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document numbers and reference numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

With regard to the announcement of results of allocations under the section headed "Results of Applications Made by Giving **Electronic Application Instructions** to HKSCC via CCASS", the list of identification document number(s) is not a complete list of successful applicants, only successful applicants whose identification document numbers are provided by CCASS participants are disclosed. Applicants who applied for the Offer Shares through their brokers can consult their brokers to enquire about their application results.

Since applications are subject to personal information collection statements, beneficial owner identification codes displayed are redacted. Applicants with beneficial names only but not identification document numbers are not disclosed due to personal privacy issue.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance).

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through the **CCASS EIPO** service or the **HK eIPO White Form** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the 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 the 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 despatch of Share certificate(s) to which you are entitled.

It is important that the applicants and 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 cheque and e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this document and announcing results of allocation of the Hong Kong Offer Shares;
- enabling compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the Shareholders including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of the Shareholders;
- establishing benefit entitlements of the Shareholders, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the Shareholders;
- 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 the Shareholders and/or regulators and/or any other purposes to which the Shareholders may from time to time agree.

Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and the 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 advisers, receiving banks 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 Hong Kong 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.

Retention of personal data

The Company and the 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 fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

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 and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** Service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and the Capital Market Intermediaries take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any 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 in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 4 October 2023.

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 by giving **electronic application instructions** to HKSCC via CCASS (directly or indirectly through your **broker** or **custodian**) or through the **HK eIPO White Form** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied 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 behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** 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. However, 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.

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 for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

You must pay the maximum Offer Price, brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in full upon application for the Hong Kong Offer Shares under the terms set out in the Application Forms.

You may submit an application by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the paragraph "4. Minimum Application Amount and Permitted Numbers" in this section, or as otherwise specified on the designated website at **www.hkeipo.hk** or in the **IPO App**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

For further details on the Offer Price, please see "Structure and Conditions of the Global Offering — Pricing and allocation".

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning signal; or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 4 October 2023. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings and/or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 4 October 2023 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning and/or Extreme Conditions signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares on Tuesday, 10 October 2023 on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.maiyuesoft.com**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.maiyuesoft.com** by no later than 9:00 a.m. on Tuesday, 10 October 2023;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** and **www.hkeipo.hk/IPOResult** or the "IPO Results" function in the **IPO App** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 10 October 2023 to 12:00 midnight on Monday, 16 October 2023; and

- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 10 October 2023 to Friday, 13 October 2023 on a business day (excluding Saturday, Sunday and Hong Kong public holidays).

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 contained in the section headed "Structure and Conditions 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.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By applying through giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (WUMP) Ordinance (as applied by section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedures to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or our agents exercise our discretion to reject your application:

Our Company, the Sole Overall Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Hong Kong Offer Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.hkeipo.hk** or in the **IPO App**;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company, the Sole Sponsor or the Sole Overall Coordinator believe that by accepting your application, we or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$1.40 per Offer Share (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed "Structure and Conditions of the Global Offering — Hong Kong Public Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 10 October 2023.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offer (except pursuant to applications made by giving **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary evidence of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Tuesday, 10 October 2023. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of application monies.

Share certificates will only become valid at 8:00 a.m. on Wednesday, 11 October 2023 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect any refund cheques (were applicable) and/or our Share certificate(s) from the Hong Kong Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 10 October 2023 or such other date as notified by our Company as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 10 October 2023 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) in your name (or, in the case of joint applications, the first-named applicant) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

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 Tuesday, 10 October 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 number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the manner specified in "Publication of Results" above on Tuesday, 10 October 2023. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 10 October 2023 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 10 October 2023. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of 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, SFC transaction levy, AFRC 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 Tuesday, 10 October 2023.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply 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 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 adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-107, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MAIYUE TECHNOLOGY LIMITED AND QUAM CAPITAL LIMITED

Introduction

We report on the historical financial information of Maiyue Technology Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-107, which comprises the consolidated statements of financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 April 2023 and the statements of financial position of the Company as at 31 December 2020, 2021 and 2022 and 30 April 2023 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2020, 2021 and 2022 and four months ended 30 April 2023 (the "**Relevant Periods**"), and a summary of material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-107 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 September 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 Company's and the Group's financial position as at 31 December 2020, 2021 and 2022 and 30 April 2023 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of 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 and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the four months ended 30 April 2022 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 31(e) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

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

28 September 2023

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Xiamen Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

		Years ended 31 December			Four months ended 30 April	
	Note	2020	2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*4*	207,074	201,742	243,255	7,996	8,641
Cost of sales		(131,701)	(102,863)	(138,624)	(6,682)	(6,988)
Gross profit		75,373	98,879	104,631	1,314	1,653
Other net income	*5*	5,130	4,839	3,955	1,313	2,336
Selling expenses		(4,633)	(7,928)	(6,828)	(1,603)	(2,342)
Administrative expenses		(19,783)	(25,802)	(30,818)	(18,254)	(17,164)
Research and development expenses	*6(c)*	(6,668)	(6,863)	(5,748)	(3,075)	(1,378)
Profit/(loss) from operations		49,419	63,125	65,192	(20,305)	(16,895)
Finance costs	*6(a)*	(5,514)	(8,180)	(8,907)	(2,834)	(2,952)
Share of profit/(loss) of an associate		929	(131)	—	—	—
Share of loss of a joint venture		—	(33)	(88)	(66)	(14)
Profit/(loss) before taxation	*6*	44,834	54,781	56,197	(23,205)	(19,861)
Income tax	*7(a)*	(5,396)	(8,498)	(7,141)	3,463	2,977
Profit/(loss) for the year/period		39,438	46,283	49,056	(19,742)	(16,884)
Attributable to:						
Equity shareholders of the Company		39,438	45,978	48,774	(19,502)	(16,676)
Non-controlling interests		—	305	282	(240)	(208)
Profit/(loss) for the year/period		39,438	46,283	49,056	(19,742)	(16,884)
Other comprehensive income for the year/period						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial statements of operations outside the mainland China		—*	117	(936)	(345)	159
Total comprehensive income for the year/period		39,438	46,400	48,120	(20,087)	(16,725)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(Expressed in Renminbi ("RMB"))

		Years ended 31 December			Four months ended 30 April	
	Note	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Attributable to:						
Equity shareholders of the Company		39,438	46,095	47,838	(19,847)	(16,517)
Non-controlling interests		—	305	282	(240)	(208)
Total comprehensive income for the year/period		39,438	46,400	48,120	(20,087)	(16,725)
Earnings per share						
Basic and diluted	*10*	3.94	4.60	4.88	(1.95)	(1.67)

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at 31 December			As at 30 April
		2020	2021	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	11	40,535	106,153	10,942	10,628
Intangible assets	12	6,329	8,593	10,754	12,036
Interests in an associate	15(a)	5,829	—	—	—
Interests in a joint venture	16(a)	1,950	1,917	1,829	1,815
Equity securities designated at fair value through other comprehensive income (FVOCI)	17	—	—	—	39,959
Deferred tax assets	30(b)	2,130	3,114	3,691	6,668
Other non-current assets	11(iv)	—	—	5,000	5,000
		56,773	119,777	32,216	76,106
Current assets					
Inventories	18	3,346	2,287	4,460	8,559
Contract assets	20(a)	7,413	7,871	22,630	19,278
Trade and other receivables	21	151,051	235,010	261,369	257,096
Pledged bank deposits	22	—	79	2,743	1,365
Cash and cash equivalents	23	56,116	49,156	62,601	3,864
		217,926	294,403	353,803	290,162
Non-current assets classified as held for sale	19	—	—	96,192	—
		217,926	294,403	449,995	290,162
Current liabilities					
Trade and other payables	24	84,756	149,638	75,111	57,554
Contract liabilities	20(b)	597	937	3,018	1,122
Lease liabilities	25	771	1,128	421	453
Bank and other loans	26	32,537	68,617	86,057	61,988
Convertible bond	27	8,022	—	—	—
Current taxation	30(a)	9,040	8,544	5,169	4,757
		135,723	228,864	169,776	125,874
Liabilities directly associated with non-current assets classified as held for sale	19	—	—	58,932	—
		135,723	228,864	228,708	125,874
Net current assets		82,203	65,539	221,287	164,288
Total assets less current liabilities		138,976	185,316	253,503	240,394
Non-current liabilities					
Lease liabilities	25	569	—	126	16
Bank and other loans	26	53,516	51,613	71,874	74,850
Deferred revenue	28	1,350	2,380	2,060	2,810
		55,435	53,993	74,060	77,676
NET ASSETS		83,541	131,323	179,443	162,718

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

(Expressed in RMB)

		As at 31 December			As at 30 April
	Note	**2020**	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CAPITAL AND RESERVES					
Share capital	*31(b)*	—*	—*	—*	—*
Reserves	*31(c)*	83,541	129,636	177,474	160,957
Total equity attributable to equity shareholders of the Company		83,541	129,636	177,474	160,957
Non-controlling interests		—	1,687	1,969	1,761
TOTAL EQUITY		83,541	131,323	179,443	162,718

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at 31 December			As at 30 April
	Note	**2020**	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Interests in a subsidiary	*13*	—*	—*	—*	—*
Property, plant and equipment		—	—	—	6
		—*	—*	—*	6
Current assets					
Cash and cash equivalents		—	112	82	76
Amounts due from subsidiaries	*21(iii)*	—	757	1,336	1,356
Prepayment and other receivables	*21(iv)*	—	4,175	6,121	6,931
		—	5,044	7,539	8,363
Current liabilities					
Amounts due to subsidiaries	*24(iv)*	—	7,758	13,001	18,997
Other payables	*24(v)*	—*	2,744	3,659	106
Amounts due to a shareholder	*24(vi)*	—	—	91	45
		—*	10,502	16,751	19,148
Net current liabilities		—*	(5,458)	(9,212)	(10,785)
Total assets less current liabilities		—*	(5,458)	(9,212)	(10,779)
NET LIABILITIES		—*	(5,458)	(9,212)	(10,779)
CAPITAL AND RESERVE					
Share capital	*31(b)*	—*	—*	—*	—*
Reserve		—*	(5,458)	(9,212)	(10,779)
TOTAL EQUITY/(DEFICIT)		—*	(5,458)	(9,212)	(10,779)

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Note	Share capital	Other reserve	Exchange reserve	PRC statutory reserve	Retained profits	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		31(b)	*31(c)(ii)*	*31(c)(iv)*	*31(c)(iii)*		
Balance at 1 January 2020		—*	(36,047)	—*	10,641	69,509	44,103
Changes in equity for the year ended 31 December 2020:							
Profit and total comprehensive income for the year		—	—	—*	—	39,438	39,438
Appropriation to PRC statutory reserves		—	—	—	271	(271)	—
Balance at 31 December 2020		—*	(36,047)	—*	10,912	108,676	83,541

* The balances represent amounts less than RMB500.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company							
		Share capital	Other reserve	Exchange reserve	PRC statutory reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		31(b)	*31(c)(ii)*	*31(c)(iv)*	*31(c)(iii)*			*31(d)*	
Balance at 1 January 2021		—*	(36,047)	—*	10,912	108,676	83,541	—	83,541
Changes in equity for the year ended 31 December 2021:									
Profit for the year		—	—	—	—	45,978	45,978	305	46,283
Other comprehensive income for the year		—	—	117	—	—	117	—	117
Total comprehensive income for the year		—	—	117	—	45,978	46,095	305	46,400
Issuance of new share	*31(b)*	—*	—	—	—	—	—*	—	—*
Acquisition of a subsidiary with non-controlling interests	*23(d)*	—	—	—	—	—	—	1,382	1,382
Appropriation to PRC statutory reserves		—	—	—	301	(301)	—	—	—
Balance at 31 December 2021		—*	(36,047)	117	11,213	154,353	129,636	1,687	131,323

* The balances represent amounts less than RMB500.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company							
		Share capital	Other reserve	Exchange reserve	PRC statutory reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		31(b)	*31(c)(ii)*	*31(c)(iv)*	*31(c)(iii)*			*31(d)*	
Balance at 1 January 2022		—*	(36,047)	117	11,213	154,353	129,636	1,687	131,323
Changes in equity for the year ended 31 December 2022:									
Profit for the year		—	—	—	—	48,774	48,774	282	49,056
Other comprehensive income for the year		—	—	(936)	—	—	(936)	—	(936)
Total comprehensive income for the year		—	—	(936)	—	48,774	47,838	282	48,120
Appropriation to PRC statutory reserves		—	—	—	177	(177)	—	—	—
Balance at 31 December 2022		—*	(36,047)	(819)	11,390	202,950	177,474	1,969	179,443

* The balances represent amounts less than RMB500.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(Expressed in RMB)

	Note	Share capital	Other reserve	Exchange reserve	PRC statutory reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
		Attributable to equity shareholders of the Company							
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		31(b)	*31(c)(ii)*	*31(c)(iv)*	*31(c)(iii)*			*31(d)*	
Balance at 1 January 2023		—*	(36,047)	(819)	11,390	202,950	177,474	1,969	179,443
Changes in equity for the period ended 30 April 2023:									
Loss for the period		—	—	—	—	(16,676)	(16,676)	(208)	(16,884)
Other comprehensive income for the period		—	—	159	—	—	159	—	159
Balance at 30 April 2023		—*	(36,047)	(660)	11,390	186,274	160,957	1,761	162,718
(Unaudited)									
Balance at 1 January 2022		—*	(36,047)	117	11,213	154,353	129,636	1,687	131,323
Changes in equity for the period ended 30 April 2022:									
Loss for the period		—	—	—	—	(19,502)	(19,502)	(240)	(19,742)
Other comprehensive income for the period		—	—	(345)	—	—	(345)	—	(345)
Balance at 30 April 2022		—*	(36,047)	(228)	11,213	134,851	109,789	1,447	111,236

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Years ended 31 December			Four months ended 30 April	
		2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating activities						
Cash generated from/(used in) operations	23(b)	6,588	16,710	21,207	(24,160)	(31,233)
Income tax paid	30(a)	(1,091)	(10,035)	(11,093)	(217)	(412)
Net cash generated from/(used in) operating activities		5,497	6,675	10,114	(24,377)	(31,645)
Investing activities						
Payment for the purchase of property, plant and equipment		(25,099)	(10,872)	(6,749)	(415)	(170)
Payment for software license		—	(570)	(91)	—	—
Proceeds from disposal of property, plant and equipment		—	372	338	38	—
Expenditure on development costs		(5,160)	(7,132)	(8,755)	(858)	(3,225)
Investment in an associate		(490)	—	—	—	—
Investment in a joint venture		—	(650)	—	—	—
Acquisition of subsidiary, net of cash acquired	23(d)	—	938	—	—	—
Placement of pledged bank deposits		(672)	(79)	(2,743)	—	—
Uplift of pledged bank deposits		4,912	—	79	—	1,378
Net cash used in investing activities		(26,509)	(17,993)	(17,921)	(1,235)	(2,017)
Financing activities						
Issuance of share	31(b)	—	—*	—	—	—
Capital injection from shareholders	31(c)(ii)	4,060	—	—	—	—
Capital element of lease rentals paid	23(c)	(229)	(257)	(1,397)	(100)	(131)
Interest element of lease rentals paid	23(c)	(25)	(12)	(16)	(1)	(5)
Proceeds from new bank and other loans	23(c)	74,796	64,974	108,355	5,546	6,000
Repayment of bank and other loans	23(c)	(40,960)	(41,616)	(75,011)	(17,116)	(28,484)
Proceeds from convertible bond	23(c)	8,000	—	—	—	—
Repayment of convertible bond	23(c)	—	(8,000)	—	—	—
Payment for reorganisation	31(c)(ii)	(2,560)	—	—	—	—
Interest paid	23(c)	(1,275)	(8,015)	(8,531)	(3,420)	(1,554)
Payment of listing expenses		(1,217)	(2,716)	(2,148)	(873)	(901)
Net cash generated from/(used in) financing activities		40,590	4,358	21,252	(15,964)	(25,075)
Net increase/(decrease) in cash and cash equivalents		19,578	(6,960)	13,445	(41,576)	(58,737)
Cash and cash equivalents at 1 January	23(a)	36,538	56,116	49,156	49,156	62,601
Effect of foreign exchange rate changes		—	—*	—*	(36)	—*
Cash and cash equivalents as at 31 December/30 April	23(a)	56,116	49,156	62,601	7,544	3,864

* The balances represent amounts less than RMB500.

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Maiyue Technology Limited (the "**Company**") was incorporated in the Cayman Islands on 21 March 2019 as an exempted company with limited liability under the Cayman Companies Act.

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 the development of application software and provision of integrated IT solution services whereby the Group designs and implements integrated IT solutions for the Group's customers by integrating different hardware and software to satisfy various IT requirements and needs of the Group's customers.

Pursuant to a group reorganisation completed on 27 December 2019 (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group.

Prior to the incorporation of the Company, the above-mentioned principal activities were carried out by Guangxi Silunjie Information Technology Company Limited ("**Guangxi Silunjie**") and its subsidiaries. To rationalise 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 Reorganisation, as detailed in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. Upon completion of the Reorganisation, the Company became the holding company of the Group.

As Guangxi Silunjie was controlled by the shareholders, Mr. Li Changqing, Ms. Deng Caidie, Mr. Wang Yufei and Mr. Zhang Guangbai, who are acting in concert 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 Reorganisation only involved inserting newly formed entities with no substantive operations as the new holding companies of Guangxi Silunjie, the former holding company of the Group, during the Relevant Periods. The Historical Financial Information has been prepared and presented as a continuation of the financial statements of Guangxi Silunjie with the assets and liabilities of Guangxi Silunjie recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (CONTINUED)

As at the date of this report, no audited financial statements have been prepared for the Company and Hanyu Information Technology Limited ("**Hanyu Information BVI**"), as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries/regions in which they were incorporated and/or established.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest		Principal activities	Audited financial period ended	Name of statutory auditor
			Held by the Company	Held by the subsidiary			
Directly held							
Hanyu Information Technology Limited (瀚宇信息科技股份有限公司)	British Virgin Islands (BVI)/ 4 February 2019	US$1/ US$50,000	100%	—	Investment holding	N/A	N/A
Indirectly held							
Hong Kong Chenyang Information Technology Limited (香港晨陽信息科技股份有限公司) *(Note (iv))*	Hong Kong/ 24 April 2019	HK$1/ HK$1	—	100%	Investment holding	31 December 2020, 2021 and 2022	Prism CPA Limited ("**Prism**") (栢淳會計師事務所有限公司)
Wanjia Hongxin International Limited (萬嘉宏信國際有限公司) *(Note (iv))*	Hong Kong/ 8 August 2019	HK$1/ HK$1	—	100%	Investment holding	31 December 2020, 2021 and 2022	Prism
Guangxi Huahe Digital Technology Company Limited (廣西華合數碼科技有限公司) *(Notes (i) and (ii))*	The People's Republic of China (the "**PRC**")/ 21 August 2019	RMB Nil/ RMB10,000,000	—	100%	Investment holding	31 December 2020	Beijing Yongkun GP ("**Beijing Yongkun**") (北京永坤會計師事務所 (普通合夥)) *(Note (i))*
						31 December 2021	Beijing Xintuo Zixin Accounting Firm Co., Ltd. ("**Beijing Xintuo**") (北京信拓孜信會計師事務所有限公司) *(Note (i))*
						31 December 2022	Beijing Yihuan GP ("**Beijing Yihuan**") (北京一環會計(普通合夥)) *(Note (i))*

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (CONTINUED)

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by the subsidiary	Principal activities	Audited financial period ended	Name of statutory auditor
Guangxi Silunjie Information Technology Company Limited (廣西思倫捷信息科技有限公司) *(Notes (i) and (iii))*	PRC/ 25 October 2017	RMB5,368,500/ RMB5,368,500	—	100%	Software development and provision of integrated IT solutions	31 December 2020	Beijing Yongkun
						31 December 2021	Beijing Xintuo
						31 December 2022	Beijing Yihuan
Nanning Maiyue Software Company Limited ((南寧市邁越軟件有限責任公司) *(Notes (i) and (iii))*	PRC/ 13 March 2003	RMB5,100,000/ RMB5,100,000	—	100%	Provision of integrated IT solutions	31 December 2020	Beijing Yongkun
						31 December 2021	Beijing Xintuo
						31 December 2022	Beijing Yihuan
Guangxi Nanning Yuchang Kejiao Equipment Company Limited (廣西南寧市宇常科教設備有限公司) *(Notes (i) and (iii))*	PRC/ 15 November 2010	RMB5,000,000/ RMB5,000,000	—	100%	Provision of integrated IT solutions	31 December 2020	Beijing Yongkun
						31 December 2021	Beijing Xintuo
						31 December 2022	Beijing Yihuan
Guangxi Shuguang Maiyue Technology Limited (廣西數廣邁越科技有限公司) ("**Shuguang Maiyue**") *(Notes (i) and (iii))* *(Note 13)*	PRC/ 10 October 2019	RMB1,040,000/ RMB52,040,000	—	51%	Provision of integrated IT solutions	31 December 2020	Beijing Yilinao GP (北京義林奧會計師事務所 (普通合夥))
						31 December 2021	Beijing Xintuo
						31 December 2022	Guangxi KeGui Certified Public Accountants Co., Ltd. (廣西科桂會計師事務所有限公司)

Notes:

(i) The official name of this entity is in Chinese. The English name is for identification purpose only.

(ii) This entity was registered as a wholly foreign-owned enterprise under the PRC Law. The statutory financial statements of this entity for the year ended 31 December 2020, 2021 and 2022 was prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC.

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION (CONTINUED)

(iii) This entity was registered as a domestic enterprise under the PRC Law. The statutory financial statements of these entities for the year ended 31 December 2020, 2021 and 2022 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC.

(iv) The statutory financial statements of these entities for the year ended 31 December 2020, 2021 and 2022 were prepared in accordance with Hong Kong Financial Reporting Standards.

All companies now comprising the Group have adopted 31 December as their financial year end date.

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 material accounting policy information 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 adopted all applicable new and revised HKFRSs to the Relevant Periods consistently throughout the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2023 are set out in Note 36.

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 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

These Historical Financial Information are presented in Renminbi ("**RMB**") rounded to the nearest thousand. RMB is the functional currency and the reporting currency for the Company's subsidiaries established in the PRC. The functional currency of the Company and the Company's subsidiaries established in BVI and Hong Kong is Hong Kong Dollars.

The measurement basis used in the preparation of the Historical financial information is the historical cost basis except that the equity securities designated at fair value through other comprehensive income (FVOCI) and the convertible bond at fair value through profit or loss are stated at fair value as explained in Note 2(e) and Note 2(q) respectively.

(b) Use of estimates and judgements

The preparation of financial statements 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 financial statements and major sources of estimation uncertainty are discussed in Note 3.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Subsidiaries and non-controlling interests

Subsidiaries are 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.

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 shareholders 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 shareholders of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(ii)).

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Associate and joint venture

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(j)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see Note 2(j)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss.

(e) Equity securities designated at fair value through other comprehensive income (FVOCI)

The Group's policies for investments in equity securities, other than investments in subsidiaries and associates, are set out below:

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs. For an explanation of how the Group determines fair value of financial instruments, see Note 32.

An investment in equity securities is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable 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 are recognised in profit or loss as other income.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 as follows:

— Buildings	50 years
— Motor vehicles	4–5 years
— Right-of-use assets *(Note 2(i))*	24–60 months
— Furniture, office equipment and others	3–5 years
— Leasehold land	50 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Construction in progress

Construction in progress represents buildings and plant under construction and machinery and equipment under installation and testing, and is stated at cost less accumulated impairment loss, if any (see Note 2(j)(ii)). The cost includes cost of construction, plant and equipment and other direct costs plus borrowing costs which include interest charges and exchange differences arising from foreign currency borrowings used to finance these projects during the construction period, to the extent these are regarded as an adjustment to borrowing costs.

Construction in progress is not depreciated until such time as the assets are completed and ready for operational use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in Note 2(f).

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(j)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other 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(j)(ii)).

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 assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Capitalised development costs	2 years
— Software license	1 year

Both the period and method of amortisation are reviewed annually.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 which, for the Group are primarily IT equipment. 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(f) and 2(j)(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 Group presents right-of-use assets in "property, plant and equipment" and presents lease liabilities separately in the consolidated statements of financial position.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits and trade and other receivables);

— contract assets as defined in HKFRS 15 (see Note 2(l));

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:

— trade and other receivables and contract assets: 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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group 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.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(u)(vi) 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 loss allowance) 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;

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

— 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 or contract 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, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets and construction in progress;

— intangible assets, including capitalised development costs;

— investments in associate and joint venture; and

— investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

— *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 to reduce the carrying amount of the 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*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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.

(k) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. The Group's inventories mainly include hardware and software.

Inventories are carried at the lower of cost and net realisable value.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 2(j)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(m)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(u)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(m)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) 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(l)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits with banks. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(j)(i).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Loan and borrowings

Loan and borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, loan and borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(w)).

(q) Convertible bond

Convertible bonds that can be converted into ordinary shares at the option of the holder, where the number of shares to be issued is fixed, are accounted for as compound financial instruments, i.e., they contain both a liability component and an equity component.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

If the conversion option of a convertible bond issued by the Group can't meet the fixed-for-fixed requirement, then it fails to meet the definition of an equity instrument and is classified as a derivative financial liability embedded in the convertible bond.

Any embedded derivatives with the economic characteristics and risks that are not closely related to those of the host contract, are separated from the host contract, and measured at fair value through profit or loss, unless the Group has designated the entire instrument at fair value through profit or loss upon initial recognition.

If the Group is unable to measure reliably the fair value of an embedded derivative either at acquisition or at the end of a subsequent financial reporting period, the Group designates the entire hybrid instrument at fair value through profit or loss. As the difficulties of valuing the embedded compound derivatives' future cash flow separately, the Group was unable to measure reliably the fair value of the embedded compound derivative including the conversion and early redemption features, which was required to be separated from its host, it designates the entire hybrid instrument including the embedded derivative, as at fair value through profit or loss.

(r) Employee benefits

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.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are 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 the reporting period, and any adjustment to tax payable in respect of previous years.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 asset 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 credits, 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 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 the 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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 or 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 or 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.

(t) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or 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 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) Provision of integrated IT solution services

The Group classifies contracts as development of application software and provision of integrated IT solution services whereby the Group designs and implements integrated IT solutions for the Group's customers by integrating different hardware and software to satisfy various IT requirements and needs of the Group's customers. In these contracts, the Group provides both goods (hardware and software) and service (install, wiring and maintenance) to the customers in accordance with the customer's specification. These goods and services are treated as separate obligations as there is no transformative relationship between these items in the process of fulfilling the contract. Revenue related to sales of goods is recognised when the goods are accepted by customers, while revenue related to provision of service is recognised when the services are provided.

(ii) Sales of hardware

Revenue is recognised when the customer takes possession of and accepts the hardware. If the hardware is a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(iii) Sales of software

The Group recognises revenue when control of the software is transferred to the customer. The customer obtains control of software if it has the ability to direct the use of and obtain substantially all of the remaining benefits from that software.

The software is a right to use license because the software has standalone functionality and the customer can use the software as it is available at a point in time. The Group recognises revenue for such licenses at a point in time when the customer has received licenses and thus has control over the software and the Group has present right to payment. In case there is an update of the software, the customers are required to pay additional consideration to buy upgraded version.

(iv) Revenue from warranty contract

Revenue from warranty contract is recognised over the term of the warranty.

(v) Revenue from other information technology service

The Group provides to the customers services such as system upgrade, technical service and maintenance service, software installation, data migration and technology consulting service. The revenue from such services are recognised when the service is accepted by the customers.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost 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(j)(i)).

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(vii) Government grants

Government grants are recognised in the statement 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 recognised by setting up the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

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.

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.

(w) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, 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.

(z) Held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a Group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these financial statements. The principal accounting policies are set forth in Note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Historical Financial Information.

(a) Impairment of trade receivables and contract assets

The Group estimates the loss allowances for trade receivables and contract assets by assessing the ECLs. This requires the use of estimates and judgements. ECLs are 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 end of reporting period. The Group keeps assessing the expected credit loss of trade receivables and contract assets during their expected lives.

(b) Recoverability of development costs

The Group estimates the recoverability of development costs based on the expected future cash flows to be derived from the assets, discount rates to be applied and the expected period of benefits. The Group keeps assessing the recoverability of development costs during their expected lives.

(c) Recognition of deferred tax assets

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.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(d) Fair value measurement of convertible bond

The Group estimates the fair value of convertible bond based on the discounted cash flows. Key valuation assumptions used to determine the fair value of the derivative component of the convertible bond are discount rate, risk-free interest rate, credit spread and probability for conversion. The Group keeps assessing the fair value of convertible bond until it's repaid.

(e) Fair value measurement of FVOCI

The Group estimates the fair value of FVOCI based on the adjusted net assets value method. Key valuation assumptions used to determine the fair value is net assets value. For details of the key assumption used and the impact of changes to the key assumption please see Note 32(e).

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of integrated IT solution services, sale of hardware and software and providing warranty, upgrade, technical guidance and maintenance service for customers in the PRC. Further details regarding the Group's principal activities are disclosed in Note 4(b).

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(i) Disaggregation of revenue

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15					
Disaggregated by major products or service lines					
— Revenue from provision of integrated IT solution services	189,485	169,337	198,491	1,690	4,976
— Including revenue from contracts on behalf of third-party supplier (net basis)	4,362	5,082	455	—	—
— Revenue from hardware and software sales	12,225	26,834	40,980	5,662	2,924
— Revenue from provision of standalone IT services	5,364	5,571	3,784	644	741
	207,074	201,742	243,255	7,996	8,641

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Disaggregated by timing of revenue recognition					
— Over time	15,453	51,033	14,280	1,059	1,605
— Point in time	191,621	150,709	228,975	6,937	7,036
	207,074	201,742	243,255	7,996	8,641

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

Revenue from major customers which accounts for 10% or more of the Group's revenue are set out below:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	50,449	46,820	N/A*	N/A*	N/A*
Customer B	21,215	N/A*	N/A*	1,217	N/A*
Customer C	N/A*	N/A*	83,722	N/A*	N/A*
Customer D	N/A*	N/A*	N/A*	4,820	N/A*
Customer E	N/A*	N/A*	N/A*	N/A*	4,432
Customer F	N/A*	N/A*	N/A*	N/A*	1,458

* Less than 10% of the Group's revenue in the respective years/periods.

Details of concentration of credit risk are set out in Note 32(a).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence as at 31 December 2020, 2021 and 2022 and 30 April 2023.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB991,000, RMB1,685,000, RMB1,299,000 and RMB1,170,000 respectively. The Group will recognise the expected revenue in future when or as the service is provided, which is expected to occur over the next 5 years.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the reportable segments of the Group.

- — Provision of integrated IT solution services: the Group acts as an information solution provider under this segment, it includes primarily the design and implementation of the solution, sales of related software and hardware to customers, and follow-up maintenance.

- — Sales of hardware and software: this segment includes solely the sales of hardware and the sales of self-developed software.

- — Provision of standalone IT services: this segment includes primarily maintenance service, system upgrade and enhancement service, warranty service, software installation, data migration and technology consulting service.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating expenses, such as staff costs, depreciation and other operation expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning interest income and interest expenses is presented.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Relevant Periods is set out below.

	Provision of integrated IT solution services	Sales of hardware and software	Provision of standalone IT services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020				
Revenue	189,485	12,225	5,364	207,074
Cost of sales	(120,355)	(10,324)	(1,022)	(131,701)
Gross profit	69,130	1,901	4,342	75,373
Year ended 31 December 2021				
Revenue	169,337	26,834	5,571	201,742
Cost of sales	(85,216)	(16,452)	(1,195)	(102,863)
Gross profit	84,121	10,382	4,376	98,879
Year ended 31 December 2022				
Revenue	198,491	40,980	3,784	243,255
Cost of sales	(103,716)	(33,634)	(1,274)	(138,624)
Gross profit	94,775	7,346	2,510	104,631
Four months ended 30 April 2022 (unaudited)				
Revenue	1,690	5,662	644	7,996
Cost of sales	(1,141)	(5,331)	(210)	(6,682)
Gross profit	549	331	434	1,314
Four months ended 30 April 2023				
Revenue	4,976	2,924	741	8,641
Cost of sales	(4,130)	(2,672)	(186)	(6,988)
Gross profit	846	252	555	1,653

(ii) Geographic information

The Group's revenue is generated in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

5 OTHER NET INCOME

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income	67	50	63	26	732
Government grants *(Note (i))*	5,015	4,931	2,585	931	1,062
Net foreign exchange (loss)/gain	(3)	(157)	986	309	(152)
(Loss)/gain on disposal of property, plant and equipment	—	(9)	294	27	—
Gain on disposals of assets and liabilities held for sale	—	—	—	—	676
Others	51	24	27	20	18
	5,130	4,839	3,955	1,313	2,336

Note:

(i) The government grants mainly represent awards from Guangxi government authorities and VAT refund upon collection.

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(a) Finance costs					
Interest on bank and other loans	5,086	7,897	8,845	2,820	2,945
Fair value loss on convertible bond	348	226	—	—	—
Interest on lease liabilities	80	57	62	14	7
	5,514	8,180	8,907	2,834	2,952
(b) Staff costs					
Salaries, wages and other benefits	15,245	24,503	24,301	7,765	8,740
Contributions to defined contribution retirement plan* *(Note 29)*	79	1,335	1,339	408	470
	15,324	25,838	25,640	8,173	9,210

6 PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

	Years ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(c) Other items					
Depreciation *(Note 11)*					
— property, plant and equipment owned	842	885	921	325	350
— right-of-use assets	426	426	532	164	185
Amortisation of intangible assets	2,259	5,438	6,685	2,226	1,943
Impairment losses/(reversal)					
— contract assets *(Note 20(a))*	1,040	(203)	(1,906)	(323)	(102)
— trade and other receivables *(Note 21)*	2,781	1,023	8,297	5,405	6,591
Short-term and low-value assets lease charges	181	1,035	620	483	160
Research and development costs#	6,668	6,863	5,748	3,075	1,378
Cost of inventories *(Note 18(b))*	110,585	76,012	124,094	5,774	6,598
Listing expenses	3,880	8,546	6,218	3,492	2,559

* In response to the COVID-19 coronavirus pandemic, in June 2020, the Ministry of Human Resources and Social Security, Ministry of Finance State and Administration of Taxation jointly issued a notice on extending the implementation period of the policy of reducing or exempting enterprise social insurance contributions in stages (關於延長階段性減免企業社會保險費政策實施期限等問題的通知). According to this notice, the Group enjoyed exempting of social insurance contributions from February 2020 to December 2020.

\# Research and development costs include staff costs for employees in the design, research and development department of software during the Relevant Periods, which are included in the staff costs as disclosed in Note 6(b).

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax — PRC Corporate Income Tax					
Provision for the year/period	5,954	9,460	7,718	—	—
Deferred tax — PRC Corporate Income Tax					
Origination and reversal of temporary differences	(558)	(962)	(577)	(3,463)	(2,977)
	5,396	8,498	7,141	(3,463)	(2,977)

(b) Reconciliation between tax expense/(credit) and accounting profit/(loss) at applicable tax rates:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit/(loss) before taxation	44,834	54,781	56,197	(23,205)	(19,861)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the respective tax jurisdictions *(Notes (i), (ii) and (iii))*	11,208	15,128	14,825	(5,279)	(4,538)
Tax effect of PRC preferential tax treatments *(Notes (iv) & (v))*	(5,084)	(5,834)	(6,206)	2,214	1,954
Tax effect of additional deduction on research and development costs *(Note (vi))*	(847)	(1,128)	(1,303)	(536)	(494)
Tax effect of non-deductible expenses	119	186	158	71	101
Tax effect of tax losses not recognised	—	146	91	67	—*
Effect on deferred tax balances at 1 January resulting from a change in tax rate *(Note 30(b))*	—	—	(424)	—	—
Actual tax expense/(credit)	5,396	8,498	7,141	(3,463)	(2,977)

* This balance represents any amount of less than RMB500.

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and BVI.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(ii) For the years ended 31 December 2020, 2021 and 2022 and 30 April 2023, no provision for Hong Kong Profits Tax has been made, as the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax.

(iii) For the Relevant Periods, the subsidiary of the Group established in the PRC is subject to PRC Corporate Income Tax rate at the statutory rate of 25%.

(iv) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("**HNTE**") which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria. Nanning Maiyue Software Company Limited ("**Nanning Maiyue**") was qualified as a HNTE in 2016 and the qualification was valid for three years from 2016 to 2018. The qualification was renewed in 2019 and 2022, and the valid period was extended to 2024. Accordingly, for the Relevant Periods, Nanning Maiyue is entitled to a preferential income tax rate of 15%. Guangxi Silunjie was qualified as a HNTE in 2019 and the qualification was valid for three years from 2019 to 2021.

(v) According to the announcement [2020] No. 23 from the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, enterprise which is located in the PRC western region and engaged in the national encouraged industries could apply to enjoy the preferential income tax rate of 15% before 31 December 2030 ("**Criteria I**"). The PRC Corporate Income Tax Law and its related regulations also allows enterprise established after 1 January 2008 and located in the national autonomous areas to apply for reduction of the corporate income tax by 40% ("**Criteria II**"). One of the Group's subsidiaries, Guangxi Silunjie, meets both the above criteria and gain approval from local tax authority to be taxed at the preferential income tax rate of 9% from 2020 to 2021. Guangxi Silunjie only meet the Criteria I and be entitled to a preferential income tax rate of 15% since 2022. Nanning Maiyue meet Criteria I and be entitled to a preferential income tax rate of 15% for the Relevant Periods..

(vi) According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 75% of the qualified research and development costs could be deemed as deductible expenses for the years ended 31 December 2020, 2021 and for the nine months ended 30 September 2022. The additional tax deduction ratio is increased to 100% since 1 October 2022. The Company applies the above preferential policies during the Relevant Periods.

8 DIRECTORS' EMOLUMENTS

For the Relevant Periods, details of the emoluments of the directors of the Company are as follows:

	Year ended 31 December 2020				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Li Changqing *(i)(ii)*	—	199	—	1	200
Mr. Wang Yufei *(i)(ii)*	—	165	—	1	166
Ms. Deng Caidie *(i)(ii)*	—	183	—	1	184
Mr. Zhang Guangbai *(i)(ii)*	—	177	—	1	178
Mr. Ye Shanmin *(i)(iii)*	—	—	—	—	—
Mr. Hui Chi Chung Nevin *(i)(iii)*	—	—	—	—	—
	—	724	—	4	728

	Year ended 31 December 2021				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Li Changqing *(i)(ii)*	—	209	—	6	215
Mr. Wang Yufei *(i)(ii)*	—	175	—	6	181
Ms. Deng Caidie *(i)(ii)*	—	188	—	6	194
Mr. Zhang Guangbai *(i)(ii)*	—	187	—	6	193
Mr. Ye Shanmin *(i)*	—	136	11	8	155
Mr. Hui Chi Chung Nevin *(i)*	—	136	11	8	155
	—	1,031	22	40	1,093

8 DIRECTORS' EMOLUMENTS (CONTINUED)

	Year ended 31 December 2022				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Li Changqing *(i)(ii)*	—	308	—	6	314
Mr. Wang Yufei *(i)(ii)*	—	234	—	6	240
Ms. Deng Caidie *(i)(ii)*	—	247	—	6	253
Mr. Zhang Guangbai *(i)(ii)*	—	246	—	6	252
Mr. Ye Shanmin *(i)(v)*	—	62	—	3	65
Mr. Hui Chi Chung Nevin *(i)*	—	210	16	11	237
	—	1,307	16	38	1,361

	Four months ended 30 April 2022 (unaudited)				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Li Changqing *(i)(ii)*	—	100	—	2	102
Mr. Wang Yufei *(i)(ii)*	—	76	—	2	78
Ms. Deng Caidie *(i)(ii)*	—	80	—	2	82
Mr. Zhang Guangbai (i)(ii)	—	77	—	2	79
Mr. Ye Shanmin *(i)(v)*	—	60	—	3	63
Mr. Hui Chi Chung Nevin *(i)*	—	60	—	3	63
	—	453	—	14	467

8 DIRECTORS' EMOLUMENTS (CONTINUED)

	Four months ended 30 April 2023				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Li Changqing *(i)(ii)*	—	127	—	2	129
Mr. Wang Yufei *(i)(ii)*	—	101	—	2	103
Ms. Deng Caidie *(i)(ii)*	—	106	—	2	108
Mr. Zhang Guangbai *(i)(ii)*	—	107	—	2	109
Mr. Hui Chi Chung Nevin *(i)*	—	64	—	3	67
	—	505	—	11	516

Notes:

(i) On 21 March 2019, Mr. Li Changqing was appointed as a director of the Company. On 15 October 2020, Mr. Wang Yufei, Ms. Deng Caidie, Mr. Zhang Guangbai, Mr. Ye Shanmin and Mr. Hui Chi Chung Nevin were appointed as directors of the Company. On 20 April 2021, Mr. Li Changqing, Mr. Wang Yufei, Ms. Deng Caidie, Mr. Zhang Guangbai, Mr. Ye Shanmin and Mr. Hui Chi Chung Nevin were redesignated as executive directors of the Company.

(ii) Mr. Li Changqing, Mr. Wang Yufei, Ms. Deng Caidie, Mr. Zhang Guangbai were also directors of the Group's subsidiaries and/or employees of the Group during the Relevant Periods and the Group paid emoluments to them in their capacity as the directors of the Group's subsidiaries and/or employees of the Group before their appointment as executive directors of the Company.

(iii) The Group did not pay any salary to Mr. Ye Shanmin and Mr. Hui Chi Chung Nevin for the year ended 31 December 2020.

(iv) On 18 September 2023, Mr. Hou Chang, Mr. Hu Zhongqiang and Mr. Lin Peigan were appointed as independent non-executive directors of the Company. The Group did not pay any salary to the independent non-executive directors during the Relevant Periods.

(v) On 15 March 2022, Mr. Ye Shanmin resigned as the executive director of the Company.

During the Relevant Periods, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods. No remuneration was paid to independent non-executive directors during the Relevant Periods as the independent non-executive directors were appointed subsequent to the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, nil, nil, 1, 1 and 2 are directors whose emoluments are disclosed in Note 8 for the years ended 31 December 2020, 2021 and 2022 and four months ended 30 April 2022 and 2023 respectively. The aggregate of the emoluments in respect of the remaining 5, 5, 4, 4 and 3 individuals for the years ended 31 December 2020, 2021 and 2022 and four months ended 30 April 2022 and 2023 respectively are as follows:

	Years ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other emoluments	1,312	1,342	1,463	391	422
Discretionary bonuses	—	—	43	—	—
Retirement scheme contributions	5	34	35	8	10
	1,317	1,376	1,541	399	432

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following band:

	Years ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (unaudited)	*Number of individuals*
Nil–HK$1,000,000	5	5	4	4	3

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit/(loss) for the years/periods attributable to shareholders of the Company by the weighted average number of ordinary shares in issue, calculated as follows:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
				(unaudited)	
Profit/(loss) for the year/period attributable to shareholders of the Company (RMB'000)	39,438	45,978	48,774	(19,502)	(16,676)
Weighted average number of ordinary shares in issue	10,000	10,000	10,000	10,000	10,000
Basic and diluted earnings per share attributable to equity shareholders of the Company (in thousand RMB per share)	3.94	4.60	4.88	(1.95)	(1.67)

The weighted average number of ordinary shares in issue has been adjusted retrospectively to reflect the bonus element mentioned in Note 31(b).

During the Relevant Periods, there were no potential dilutive ordinary shares, so the diluted earnings per share were the same as the basic earnings per share.

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Furniture, office equipment and others	Leasehold land	Sub-total	Right-of-use assets	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
As at 1 January 2020	9,075	1,930	1,013	9,432	21,450	1,546	16	23,012
Additions	—	—	172	—	172	—	20,456	20,628
Disposals	—	(5)	(86)	—	(91)	—	—	(91)
As at 31 December 2020 and 1 January 2021	9,075	1,925	1,099	9,432	21,531	1,546	20,472	43,549
Additions	—	343	409	—	752	—	66,744	67,496
Acquisition through business combination	—	—	3	—	3	—	—	3
Disposals	—	(652)	—	—	(652)	—	—	(652)
As at 31 December 2021 and 1 January 2022	9,075	1,616	1,511	9,432	21,634	1,546	87,216	110,396
Additions	—	812	937	—	1,749	1,100	—	2,849
Reclassify as held for sale *(Note 19)*	—	—	—	(9,432)	(9,432)	—	(87,216)	(96,648)
Disposals	—	(820)	(2)	—	(822)	(441)	—	(1,263)
As at 31 December 2022 and 1 January 2023	9,075	1,608	2,446	—	13,129	2,205	—	15,334
Additions	—	—	170	—	170	51	—	221
As at 30 April 2023	9,075	1,608	2,616	—	13,299	2,256	—	15,555

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Motor vehicles	Furniture, office equipment and others	Leasehold land	Sub-total	Right-of-use assets	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:								
As at 1 January 2020	207	716	341	16	1,280	368	—	1,648
Charge for the year	207	290	345	189	1,031	426	—	1,457
Written back on disposals	—	(5)	(86)	—	(91)	—	—	(91)
As at 31 December 2020 and 1 January 2021	414	1,001	600	205	2,220	794	—	3,014
Charge for the year	207	331	347	189	1,074	426	—	1,500
Written back on disposals	—	(271)	—	—	(271)	—	—	(271)
As at 31 December 2021 and 1 January 2022	621	1,061	947	394	3,023	1,220	—	4,243
Charge for the year	207	311	341	62	921	532	—	1,453
Reclassify as held for sale *(Note 19)*	—	—	—	(456)	(456)	—	—	(456)
Written back on disposals	—	(799)	—*	—	(799)	(49)	—	(848)
As at 31 December 2022 and 1 January 2023	828	573	1,288	—	2,689	1,703	—	4,392
Charge for the period	69	112	169	—	350	185	—	535
As at 30 April 2023	897	685	1,457	—	3,039	1,888	—	4,927
Net book value:								
As at 31 December 2020	8,661	924	499	9,227	19,311	752	20,472	40,535
As at 31 December 2021	8,454	555	564	9,038	18,611	326	87,216	106,153
As at 31 December 2022	8,247	1,035	1,158	—	10,440	502	—	10,942
As at 30 April 2023	8,178	923	1,159	—	10,260	368	—-	10,628

* The balances represent amounts less than RMB500.

(i) All property, plant and equipment owned by the Group are mainly located in the PRC.

(ii) The Group has obtained the right to use certain office buildings through tenancy agreements during the Relevant Periods. The leases typically run for an initial period of 24 to 60 months. None of the leases includes variable lease payments.

(iii) As at 31 December 2020, 2021 and 2022 and 30 April 2023, property, plant and equipment with a carrying amount of RMB18,577,000, RMB8,735,000, RMB8,448,000 and RMB8,353,000 respectively are pledged to secure the Group's bank and other loans and convertible bond (Notes 26 and 27).

(iv) As at 31 December 2022 and 30 April 2023, other non-current asset amounted to RMB5,000,000 represents prepayment for property, plant and equipment.

12 INTANGIBLE ASSETS

	Capitalised development costs	Software license	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2020	3,901	—	3,901
Addition through internal development	5,160	—	5,160
At 31 December 2020 and 1 January 2021	9,061	—	9,061
Addition through internal development	7,132	—	7,132
Additions	—	570	570
At 31 December 2021 and 1 January 2022	16,193	570	16,763
Addition through internal development	8,755	—	8,755
Additions	—	91	91
At 31 December 2022 and 1 January 2023	24,948	661	25,609
Addition through internal development	3,225	—	3,225
At 30 April 2023	28,173	661	28,834
Accumulated amortisation:			
At 1 January 2020	473	—	473
Charge for the year	2,259	—	2,259
At 31 December 2020 and 1 January 2021	2,732	—	2,732
Charge for the year	5,202	236	5,438
At 31 December 2021 and 1 January 2022	7,934	236	8,170
Charge for the year	6,306	379	6,685
At 31 December 2022 and 1 January 2023	14,240	615	14,855
Charge for the period	1,913	30	1,943
At 30 April 2023	16,153	645	16,798
Net book value:			
At 31 December 2020	6,329	—	6,329
At 31 December 2021	8,259	334	8,593
At 31 December 2022	10,708	46	10,754
At 30 April 2023	12,020	16	12,036

The amortisation of capitalised development costs for the years ended 31 December 2020, 2021 and 2022 and four months ended 2023 is included in "cost of sales" or "administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.

The capitalised development costs refer to the expenditure incurred on projects to develop software which are used to provide services or goods to customers. The capitalised development costs will be amortised on the straight-line basis over its estimated useful life of not more than 2 years, commencing from the date when the software is put into commercial use.

13 INVESTMENT IN A SUBSIDIARY

The Company

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment in unlisted shares, at cost	—*	—*	—*	—*

* The balances represent amounts less than RMB500.

Further details of the subsidiaries of the Group are set out in Note 1.

The following table lists out the information relating to Shuguang Maiyue, the only subsidiary of the Group which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	As at 31 December 2021	As at 31 December 2022	As at 30 April 2023
	RMB'000	*RMB'000*	*RMB'000*
NCI percentage	49%	49%	49%
Current assets	7,901	8,311	5,740
Non-current assets	67	114	149
Current liabilities	4,526	4,407	2,295
Net assets	3,442	4,018	3,594
Carrying amount of NCI	1,687	1,969	1,761
Profit/(loss) and total comprehensive income	622	576	(424)
Income/(loss) allocated to NCI	305	282	(208)
Dividend paid to NCI	—	—	—
Net cash used in operating activities	(7,552)	(2,504)	(2,964)
Net cash used in investing activities	(10)	(51)	—
Net cash used in financing activities	—	(22)	—

14 ACQUISITION OF A SUBSIDIARY

On 21 April 2021, the Group entered into a capital injection agreement in Shuguang Maiyue with Digital Guangxi Group Co., Ltd. ("**Digital Guangxi**"). According to the capital injection agreement, the required subscription of Group's registered capital increased by RMB2,041,000 from RMB24,500,000 to RMB26,541,000, the registered capital of Shuguang Maiyue increased from RMB50,000,000 to RMB52,041,000, the Group's equity interests in Shuguang Maiyue increased from 49% to 51%, and the Group is able to appoint three out of five directors of Shuguang Maiyue. Accordingly, the Group has controlled Shuguang Maiyue after when the capital injection agreement became effective.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Shuguang Maiyue are inputs, production processes and an organised workforce. The Group has determined that together the acquired inputs and processes contribute to the ability to earn gross profit. The Group has concluded that the acquired set is a business.

From 22 April 2021 to 31 December 2021, Shuguang Maiyue contributed revenue of RMB12,927,000 and profit of RMB624,000 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates the consolidated revenue would have been RMB211,557,000 and RMB201,785,000, and consolidated profit for the year ended 31 December 2020 and 2021 would have been RMB41,333,000 and RMB46,015,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition. The management considered the fair value of these assets and liabilities are not materially different from the book value.

		As at 21 April 2021
	Note	*RMB'000*
Property, plant and equipment	*11*	3
Deferred tax asset	*30(b)*	22
Contract assets		815
Trade and other receivables		21,050
Cash and cash equivalents		938
Trade and other payables		(20,079)
Current taxation	*30(a)*	(79)
Total identifiable net assets acquired		2,670

14 ACQUISITION OF A SUBSIDIARY (CONTINUED)

The total identifiable net assets acquired as at 21 April 2021 is lower than the gross amounts of net assets of the associate (see Note 15), as receivables of Shuguang Maiyue related to investors' capital contribution amounted to RMB9,000,000 was derecognised, due to the investors of Shuguang Maiyue reached an agreement to revise the Articles of Association of Shuguang Maiyue. According to the new Articles of Association, the specific amount and time of the above-mentioned capital contribution is subject to the approval of the shareholders' meeting of Shuguang Maiyue.

Goodwill arising from the acquisition has been recognised as follows.

	2021
	RMB'000
Consideration transferred.	—
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Shuguang Maiyue	1,382
Fair value of pre-existing interest in Shuguang Maiyue.	1,288
Fair value of identifiable net assets	(2,670)
Goodwill	—

The remeasurement to fair value of the Group's existing 49% interest in Shuguang Maiyue didn't result in significant gain or loss for the Group.

15 INTERESTS IN AN ASSOCIATE/AMOUNTS DUE TO AN ASSOCIATE

(a) Interests in an associate

The following list contains only the particulars of material associate, which is unlisted corporate entity whose quoted market price is not available:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Guangxi Shuguang Maiyue Technology Limited (廣西數廣邁越科技有限公司) ("**Shuguang Maiyue**")[#].	Incorporated	PRC	RMB1,000,000/ RMB50,000,000	49%	—	49%	Software development and provision of integrated IT solutions

[#] The official name of this entity is in Chinese. The English name is for identification purpose only.

15 INTERESTS IN AN ASSOCIATE/AMOUNTS DUE TO AN ASSOCIATE (CONTINUED)

In accordance with the memorandum and article of Shuguang Maiyue, relevant activities of the entity require consent with simple majority in the board of directors. The Group is able to appoint two out of five directors, thus the Group is only able to exercise significant influence in Shuguang Maiyue and treat it as an associate. The associate is accounted for using the equity method in the consolidated financial statements.

On 21 April 2021, Shuguang Maiyue became a subsidiary of the Group (see Note 1 and Note 14).

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Shuguang Maiyue
	Year ended 31 December 2020
	RMB'000
Revenue	46,351
Profit and total comprehensive income	1,895

	As at 31 December
	2020
	RMB'000
Gross amounts of the associate's	
Non-current assets	3
Current assets	37,877
Current liabilities	25,985
Equity	11,895
Reconciled to the Group's interests in the associate	
Gross amounts of net assets of the associate	11,895
Group's effective interest	49%
Group's share of net assets of the associate	5,829
Carrying amount in the consolidated financial statements	5,829

15 INTERESTS IN AN ASSOCIATE/AMOUNTS DUE TO AN ASSOCIATE (CONTINUED)

(b) Amounts due to an associate

As at 31 December 2020, the amounts due to Shuguang Maiyue of RMB4,410,000 which are unsecured, interest-free and repayable within 60 days after the incorporation of Shuguang Maiyue, are classified as current liability under "trade and other payables" (see Note 24(i)).

As at 31 December 2020, according to Articles of Association of Shuguang Maiyue, the remaining capital contribution of the Group amounted to RMB19,600,000 are payable before 31 December 2025, the specific amount and time of the capital contribution is subject to the approval of the shareholders' meeting of Shuguang Maiyue.

16 INTERESTS IN A JOINT VENTURE/AMOUNTS DUE TO A JOINT VENTURE

(a) Interests in a joint venture

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Fangchenggang City Investment Digital Technology Limited (防城港市城投數字科技有限公司) ("**Fangchenggang City Investment Digital**") #	Incorporated	PRC	RMB650,000/ RMB10,000,000	65%	—	65%	Software development and provision of integrated IT solutions

The official name of this entity is in Chinese. The English name is for identification purpose only.

In accordance with the memorandum and article of Fangchenggang City Investment Digital, relevant activities of the entity require consent with more than two thirds of the directors. The Group and the other investor of Fangchenggang City Investment Digital is able to appoint three and two out of five directors respectively, thus the Group is only able to exercise common control in Fangchenggang City Investment Digital and treat it as a joint venture. The joint venture is accounted for using the equity method in the consolidated financial statements.

16 INTERESTS IN A JOINT VENTURE/AMOUNTS DUE TO A JOINT VENTURE (CONTINUED)

Fangchenggang City Investment Digital was incorporated on 25 November 2020.

Summarised financial information of Fangchenggang City Investment Digital, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross amounts of Fangchenggang City Investment Digital's				
Non-current assets	—	—	6	4
Current assets	3,000	4,245	3,222	3,151
Current liabilities	—	1,297	415	363
Equity	3,000	2,948	2,813	2,792
Included in the above assets and liabilities:				
Cash and cash equivalents	—	33	309	49
Loss and total comprehensive expense	—	(52)	(135)	(21)
Included in the above loss:				
Interest income	—	—*	—*	—*
Reconciled to the Group's interest in Fangchenggang City Investment Digital				
Gross amounts of Fangchenggang City Investment Digital's net assets	3,000	2,948	2,813	2,792
Group's effective interest	65%	65%	65%	65%
Group's share of Fangchenggang City Investment Digital's net assets	1,950	1,917	1,829	1,815
Carrying amount of the Group's interest	1,950	1,917	1,829	1,815

* The balances represent amounts less than RMB500.

16 INTERESTS IN A JOINT VENTURE/AMOUNTS DUE TO A JOINT VENTURE (CONTINUED)

(b) Amounts due to a joint venture

As at 31 December 2020, 2021 and 2022 and 30 April 2023, the amounts due to Fangchenggang City Investment Digital of RMB1,950,000, RMB1,448,000, RMB1,342,000 and RMB1,342,000, respectively, which is unsecured, interest-free, and primarily due to the unsettled capital injection to be repayable within 12 months after the incorporation of Fangchenggang City Investment Digital or on demand, is classified as current liability under "trade and other payables" (see Note 24(ii)). Such non-trade balance will be settled on or before the Listing.

According to Articles of Association of Fangchenggang City Investment Digital, the remaining capital contribution of the Group amounted to RMB4,550,000 are repayable before 31 December 2030, the specific amount and time of the capital contribution is subject to the approval of the shareholders' meeting of Fangchenggang City Investment Digital.

17 EQUITY SECURITIES DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

The FVOCI represents investment in unlisted equity interest of Guangxi Qianyue Information Technology Company Limited ("**Guangxi Qianyue**" 廣西千越信息科技有限公司) which is incorporated in the PRC and principally engaged in the development of a business park. The Group holds 19% of Guangxi Qianyue's equity interest and completed the capital injection on 26 April 2023. In accordance with the memorandum and article of Guangxi Qianyue, relevant activities of the entity require consent with simple majority of shareholding. The Group has no right to appoint any director and does not participate in the operation of Guangxi Qianyue, therefore the Group cannot exercise significant influence over Guangxi Qianyue.

The Group designated its investment in Guangxi Qianyue at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends were received and no significant gains or loss recognised in other comprehensive income on this investment during the Relevant Periods. The analysis on the fair value measurement of the above financial asset is disclosed in Note 32(e).

18 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Software	257	581	858	2,221
Hardware	3,089	1,706	3,602	6,338
	3,346	2,287	4,460	8,559

(b) The analyses of the amounts of inventories recognised as expenses and included in the consolidated statements of profit or loss and other comprehensive income are as follows:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Costs of inventories sold	110,585	76,012	124,094	5,774	6,598

19 DISPOSAL GROUP

The disposal group comprised the following assets and liabilities.

	As at 31 December 2022
	RMB'000
Non-current assets classified as held for sale	
Construction in progress *(Note 11)*	87,216
Leasehold land *(Note 11)*	8,976
	96,192
Liabilities directly associated with non-current assets classified as held for sale	
Other payables related to business park *(Note 24)*	(58,932)

On 8 April 2022, the Group approved a series of new agreements with Guangxi Qianlong Education Technology Co., Ltd. ("**Guangxi Qianlong**" 廣西千龍教育科技有限公司). According to the new agreements, the Group and Guangxi Qianlong set up Guangxi Qianyue Information Technology Company Limited ("**Guangxi Qianyue**" 廣西千越信息科技有限公司). The Group made the capital contribution based on the value of land use right and construction in progress of the Business Park net of the payables for the construction.

As at 31 December 2022, the procedures of transferring property right to Guangxi Qianyue are not yet complete, the Group reclassify the disposal group as non-current assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale separately.

The procedures of transferring property right have been completed in April 2023 and the Group designated the investment in Guangxi Qianyue at FVOCI (non-recycling) (see Note 17).

20 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets				
Arising from performance under provision of integrated IT solution contracts				
— third parties	9,876	9,062	21,752	18,298
— related parties *(Note 34(c))*	730	1,799	1,962	1,962
Less: loss allowance	(3,193)	(2,990)	(1,084)	(982)
	7,413	7,871	22,630	19,278
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" *(Note 21)*	124,303	200,771	198,660	167,456

The Group typically agrees to retention money for 1% to 10% of the contract value. The retention period normally ranges from one to seven years upon the completion of work. These amounts are included in contract assets until the end of the retention period as the Group's entitlement to these final payments are conditional on the Group's projects keep properly functioning during the retention period. As at 31 December 2020, 2021 and 2022 and 30 April 2023, contract assets (before the recognition of impairment loss) amounted to RMB10,606,000, RMB10,861,000, RMB6,016,000 and RMB5,478,000 are related to retention money.

The Group's contract assets also relate to the Group's rights to consideration for work completed but not yet reached the milestones for billing at the reporting date. As at 31 December 2022 and 30 April 2023, contract assets amounted to RMB17,698,000 and RMB14,782,000 will be recovered after reaching the milestones for billing.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, contract assets amounted to RMB4,958,000, RMB5,421,000, RMB14,113,000 and RMB7,697,000 respectively are expected to be recovered after more than one year. Contract assets are transferred to trade receivables when the rights become unconditional.

20 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities				
Billings in advance of performance	597	937	3,018	1,122

Contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised at the point of transfer of control over a product or service to the customer.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, billings in advance of performance are expected to be recognised as income within one year.

21 TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
— third parties	70,867	110,080	209,469	190,855
— related parties *(Note 34(c))*	62,597	100,875	7,672	1,673
Less: loss allowance	(9,161)	(10,184)	(18,481)	(25,072)
	124,303	200,771	198,660	167,456
Amounts due from shareholders *(Note 34(c))*	13,914	—	—	—
Amounts due from other related parties *(Note 34(c))*	—	55	6,093	6,093
Other deposits, prepayments and receivables	12,834	34,184	56,616	83,547
	151,051	235,010	261,369	257,096

21 TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) As at 31 December 2020, 2021 and 2022 and 30 April 2023, trade receivables amounting to RMB18,296,000, RMB nil, RMB40,617,000 and RMB41,315,000 respectively are expected to be recovered after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

(ii) As at 31 December 2022 and 30 April 2023, trade receivables with gross carrying amount of RMB75,665,000 and RMB62,763,000 were pledged as collateral for the Group's bank and other loans of RMB89,775,000 and RMB61,314,000 respectively (Note 26).

(iii) As at 31 December 2021, 2022 and 30 April 2023, amounts due from subsidiaries of the Company amounting to RMB757,000, RMB1,336,000 and RMB1,356,000 respectively are mainly related to rent and audit fee paid on behalf of one of the subsidiaries — Wanjia Hongxin International Limited.

(iv) As at 31 December 2021, 2022 and 30 April 2023, prepayment and other receivables of the Company amounting to RMB4,175,000 and RMB6,121,000 and RMB6,843,000 respectively are mainly related to the listing expense paid which is expected to be charged against equity upon completion of the Listing and prepaid listing expense.

As at 30 April 2023, prepayment and other receivables of the Company amounting to RMB88,000 are related to the deposit paid to the lessor.

21 TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis

As at 31 December 2020, 2021 and 2022 and 30 April 2023, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date/transaction date and after the recognition of impairment loss, are as follows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	97,159	95,106	113,535	3,482
Over 1 month but within 3 months	12,479	2,198	1,801	261
Over 3 months but within 6 months	6,776	73,242	41,548	103,727
Over 6 months but within 1 year	2,811	2,299	3,490	31,166
Over 1 year but within 2 years	2,968	24,998	29,399	22,595
Over 2 years but within 3 years	790	1,901	5,877	1,497
Over 3 years	1,320	1,027	3,010	4,728
	124,303	200,771	198,660	167,456

Trade receivables (other than retention money) are normally due within 30 days from the date of billing. During the Relevant Periods, some trade receivables (other than retention money) are due over one year upon completion of work, which are negotiated on a case-by-case basis with customers. Retention money is due within one to six years upon the completion of work. Retention money is included in contract assets until the end of the retention period and is transferred into trade receivables when the rights become unconditional. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 32(a).

22 PLEDGED BANK DEPOSITS

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged for bank and other loans *(Note 26)*	—	—	2,743	1,365
Pledged for performance guarantee	—	79	—	—
	—	79	2,743	1,365

The bank deposits pledged for bank and other loans will be released upon the settlement of relevant bank and other loans. The bank deposits pledged for performance guarantee will be released upon the retention period ends.

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents in the consolidated cash flow statements comprise:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	56,116	49,156	62,601	3,864

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At 31 December 2020, 2021 and 2022 and 30 April 2023, cash that is placed with banks in the mainland China amounted to RMB56,116,000, RMB49,028,000, RMB62,506,000 and RMB3,777,000 respectively.

Remittance of funds out of mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations:

		Years ended 31 December			Four months ended 30 April	
	Note	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit/(loss) before taxation		44,834	54,781	56,197	(23,205)	(19,861)
Adjustments for:						
Depreciation	*6(c)*	1,268	1,311	1,453	489	535
Amortisation		2,259	5,438	6,685	2,226	1,943
Finance costs	*6(a)*	5,514	8,180	8,907	2,834	2,952
Loss/(gain) on disposal of property plant and equipment		—	9	(294)	(27)	—
Gain on disposals of assets and liabilities held for sale		—	—	—	—	(676)
Impairment losses recognised on trade and other receivables and contract assets	*6(c)*	3,821	820	6,391	5,082	6,489
Share of (profit)/loss of an associate		(929)	131	—	—	—
Share of loss of a joint venture		—	33	88	66	14
Changes in working capital:						
Decrease/(increase) in inventories		1,965	1,059	(2,173)	(6,336)	(4,099)
Increase in trade and other receivables		(61,814)	(78,888)	(32,466)	(5,964)	(1,504)
(Increase)/decrease in contract assets		(486)	(170)	(12,853)	819	3,454
Increase/(decrease) in trade and other payables		13,129	22,636	(12,489)	(1,092)	(19,334)
(Decrease)/increase in contract liabilities		(2,973)	340	2,081	1,064	(1,896)
Increase/(decrease) in deferred revenue		—	1,030	(320)	(116)	750
Cash generated from/(used in) operations		6,588	16,710	21,207	(24,160)	(31,233)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank and other loans	Convertible bond	Amounts due to shareholders	Lease liabilities	Interests payable for loans and borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(a)	*Note 27*		*Note 25*		
As at 1 January 2020	51,469	—	2,560	1,514	—	55,543
Changes from financing cash flows:						
Proceeds from new bank and other loans	74,796	—	—	—	—	74,796
Repayment of bank and other loans	(40,960)	—	—	—	—	(40,960)
Proceeds from convertible bond	—	8,000	—	—	—	8,000
Interests paid	(949)	(326)	—	—	—	(1,275)
Payment for reorganisation	—	—	(2,560)	—	—	(2,560)
Capital element of lease rentals paid	—	—	—	(229)	—	(229)
Interest element of lease rentals paid	—	—	—	(25)	—	(25)
Total changes from financing cash flows	32,887	7,674	(2,560)	(254)	—	37,747
Other changes						
Interest expenses *(Note 6(a))*	1,697	—	—	80	3,389	5,166
Changes in fair value *(Note 6(a))*	—	348	—	—	—	348
As at 31 December 2020	86,053	8,022	—	1,340	3,389	98,804

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

	Bank and other loans	Convertible bond	Lease liabilities	Interests payable for loans and borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(a)	*Note 27*	*Note 25*		
As at 1 January 2021	86,053	8,022	1,340	3,389	98,804
Changes from financing cash flows:					
Proceeds from new bank and other loans	64,974	—	—	—	64,974
Repayment of bank and other loans	(41,616)	—	—	—	(41,616)
Repayment of convertible bond	—	(8,000)	—	—	(8,000)
Interests paid	(3,173)	(248)	—	(4,594)	(8,015)
Capital element of lease rentals paid	—	—	(257)	—	(257)
Interest element of lease rentals paid	—	—	(12)	—	(12)
Total changes from financing cash flows	20,185	(8,248)	(269)	(4,594)	7,074
Other changes					
Interest expenses *(Note 6(a))*	3,725	—	57	4,172	7,954
Changes in fair value *(Note 6(a))*	—	226	—	—	226
Bank loans arising from reverse factoring arrangement	10,000	—	—	—	10,000
Purchase of a car by mortgage	267	—	—	—	267
As at 31 December 2021	120,230	—	1,128	2,967	124,325

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

	Bank and other loans	Lease liabilities	Interests payable for loans and borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(a)	*Note 25*		
As at 1 January 2022	120,230	1,128	2,967	124,325
Changes from financing cash flows:				
Proceeds from new bank and other loans	108,355	—	—	108,355
Repayment of bank and other loans	(75,011)	—	—	(75,011)
Interests paid	(3,529)	—	(5,002)	(8,531)
Capital element of lease rentals paid	—	(1,397)	—	(1,397)
Interest element of lease rentals paid	—	(16)	—	(16)
Total changes from financing cash flows	29,815	(1,413)	(5,002)	23,400
Other changes				
Interest expenses *(Note 6(a))*	4,687	62	4,158	8,907
Early termination of a lease	—	(330)	—	(330)
Bank loans arising from reverse factoring arrangement	3,199	—	—	3,199
New leases	—	1,100	—	1,100
As at 31 December 2022	157,931	547	2,123	160,601

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(Unaudited)	Bank and other loans	Lease liabilities	Interests payable for loans and borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(a)	*Note 25*		
As at 1 January 2022	120,230	1,128	2,967	124,325
Changes from financing cash flows:				
Proceeds from new bank and other loans	5,546	—	—	5,546
Repayment of bank and other loans	(17,116)	—	—	(17,116)
Interests paid	(456)	—	(2,964)	(3,420)
Capital element of lease rentals paid	—	(100)	—	(100)
Interest element of lease rentals paid	—	(1)	—	(1)
Total changes from financing cash flows	(12,026)	(101)	(2,964)	(15,091)
Other changes				
Interest expenses *(Note 6(a))*	2,820	14	—	2,834
New lease	—	497	—	497
As at 30 April 2022	111,024	1,538	3	112,565

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

	Bank and other loans	Lease liabilities	Interests payable for loans and borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(a)	*Note 25*		
As at 1 January 2023	157,931	547	2,123	160,601
Changes from financing cash flows:				
Proceeds from new bank and other loans	6,000	—	—	6,000
Repayment of bank and other loans	(28,484)	—	—	(28,484)
Interests paid	(1,554)	—	—	(1,554)
Capital element of lease rentals paid	—	(131)	—	(131)
Interest element of lease rentals paid	—	(5)	—	(5)
Total changes from financing cash flows	(24,038)	(136)	—	(24,174)
Other changes				
Interest expenses *(Note 6(a))*	2,945	7	—	2,952
New lease	—	51	—	51
As at 30 April 2023	136,838	469	2,123	139,430

(d) Net cash inflow arising from the acquisition of a subsidiary

During the year ended 31 December 2021, the recognised amounts of assets acquired and liabilities at the date of acquisition of the subsidiary comprise the following:

	RMB'000
Property, plant and equipment *(Note 11)*	3
Deferred tax assets *(Note 30(b))*	22
Contract assets	815
Trade and other receivables	21,050
Cash	938
Trade and other payables	(20,079)
Current taxation *(Note 30(a))*	(79)
Less:	
Non-controlling interests	1,382
Interests in an associate before acquisition	1,288
Total consideration paid in cash	—
Add: cash of subsidiary acquired	938
	938

24 TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	51,895	59,993	46,448	29,033
Accrued payroll	2,042	1,793	2,046	2,079
Amounts due to an associate *(Note (i)) (Note 34(c))*	4,410	—	—	—
Amounts due to a joint venture *(Note (ii)) (Note 34(c))*	1,950	1,448	1,342	1,342
Amounts due to shareholders *(Note 34(c))*	191	178	109	64
Payables for construction of a business park	2,995	59,096	84	2,037
Other payables and accruals	21,273	27,130	25,082	22,999
	84,756	149,638	75,111	57,554

Notes:

(i) The balance is due to Shuguang Maiyue, which is non-trade in nature, unsecured, interest-free and repayable within 60 days after incorporation of Shuguang Maiyue according to the Articles of Association (see Note 15).

(ii) The balance is due to Fangchenggang City Investment Digital, which is non-trade in nature, interest-free and repayable within 12 months after incorporation of Fangchenggang City Investment Digital according to the Articles of Association or on demand (see Note 16). As of the date of this report, the amounts due to a joint venture is not yet settled. Such non-trade balance will be settled on or before the Listing.

(iii) As at 31 December 2020, 2021 and 2022 and 30 April 2023, trade payables amounting to RMB13,879,000, RMB2,330,000, RMB1,827,000 and RMB1,827,000 respectively are expected to be settled after more than one year. All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(iv) As at 31 December 2021, 2022 and 30 April 2023, amounts due to subsidiaries of the Company amounting to RMB7,758,000, RMB13,001,000 and RMB18,997,000 respectively are mainly related to listing expense paid by subsidiaries on behalf of the Company and borrowing from subsidiaries which is used to pay listing expense and rent.

(v) As at 31 December 2021 and 2022, other payables of the Company amounting to RMB2,744,000 and RMB3,659,000 respectively are mainly related to accrued and unpaid listing expense.

As at 30 April 2023, other payables of the Company amounting to RMB106,000 are mainly related to accrued staff expense and rent.

(vi) As at 31 December 2022 and 30 April 2023, amounts due to a shareholder of the Company amounting to RMB 91,000 and RMB45,000 are mainly related to administrative expense paid by a shareholder.

24 TRADE AND OTHER PAYABLES (CONTINUED)

As at 31 December 2020, 2021 and 2022 and 30 April 2023, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date/transaction date, is as follows:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	50,396	44,258	27,582	7,857
Over 1 year but within 2 years	1,402	14,635	8,309	19,511
Over 2 years but within 5 years	97	1,100	10,557	1,635
Over 5 years	—	—	—	30
	51,895	59,993	46,448	29,033

25 LEASE LIABILITIES

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current	569	—	126	16
Current	771	1,128	421	453
	1,340	1,128	547	469

25 LEASE LIABILITIES (CONTINUED)

(a) Maturity analysis-contractual undiscounted cash flows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	793	1,144	427	463
1 to 2 years	618	—	136	18
Total undiscounted lease liabilities	1,411	1,144	563	481
Less: total future interest expenses	(71)	(16)	(16)	(12)
Lease liabilities included in the consolidated statements of financial position	1,340	1,128	547	469

(b) Maturity analysis-present value of lease liabilities:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	771	1,128	421	453
1 to 2 years	569	—	126	16
Present value of lease liabilities	1,340	1,128	547	469

As at 31 December 2020 and 2021, lease liabilities of RMB1,015,000 and RMB1,058,000 are due to a related party, Nanning City Wanjin Enterprise Investment Co., Ltd. ("**Wanjin**") (see Note 34(c)).

26 BANK AND OTHER LOANS

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Secured bank and other loans *(Notes (i) and (ii))*	165	119	29,193	29,169
Unsecured bank and other loans	53,351	51,494	42,681	45,681
	53,516	51,613	71,874	74,850
Current				
Secured bank and other loans *(Notes (i) and (ii) and (iii))*	10,241	10,087	63,899	38,433
Unsecured bank and other loans *(Note (ii))*	22,296	58,530	22,158	23,555
	32,537	68,617	86,057	61,988

(i) The bank and other loans are secured by assets of the Group and the carrying amounts of these assets are as below:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged bank deposits *(Note 22)*	—	—	2,743	1,365
Trade receivables *(Note 21)*	—	—	75,665	62,763
Property, plant and equipment *(Note 11)*	9,350	8,735	8,448	8,353
	9,350	8,735	86,856	72,481

(ii) As at 31 December 2020, 2021 and 2022 and 30 April 2023, bank and other loans of RMB31,775,000, RMB206,000, RMB119,000 and RMB3,088,000 are guaranteed by the shareholders of the Group. The directors have confirmed that the guaranteed will be released before listing.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, bank and other loans of RMB10,000,000, RMB5,000,000, RMB8,000,000 and RMB8,000,000 are guaranteed by third parties.

26 BANK AND OTHER LOANS (CONTINUED)

(iii) As at 31 December 2020, a secured bank loan with duration of one year amounted to RMB10,000,000 is subject to certain of Nanning Maiyue's balance sheet ratios, as is commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The aforementioned bank loan has been fully repaid in June 2021. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 32(b).

(iv) The Group has entered into certain reverse factoring arrangement with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers. Under these arrangements, the banks pay suppliers the amounts owed by the Group on the original due dates and then the Group settles the banks about 365 days later than the original due dates with the suppliers, with interest.

In the consolidated statement of financial position, the Group has presented payables to the banks under these arrangements as bank and other loans, having compared the nature and function of such liabilities with trade to suppliers. In the consolidated cash flow statements, for the year ended 31 December 2021 and 2022, payments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks amounting to RMB10,000,000 and RMB3,199,000 respectively are non-cash transactions.

(a) The Group's bank and other loans are repayable as follows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	32,537	68,617	86,057	61,988
After 1 year but within 2 years	33,516	51,588	51,874	74,850
After 2 years but within 5 years	20,000	25	20,000	—
	53,516	51,613	71,874	74,850
	86,053	120,230	157,931	136,838

27 CONVERTIBLE BOND

Guangxi Silunjie issued a convertible bond with a face value of RMB8,000,000 to Guangxi Honggui Emergency Relief Investment Fund Partnership ("**the bondholder**") on 10 July 2020.

The convertible bond bears interest at 9% per annum, with maturity of one year and is secured by the leasehold land of Nanning Maiyue. It is redeemable by Guangxi Silunjie at face value plus accrued but unpaid interest at any time after 2 months of the issuance date before maturity.

When the bondholder's executive partner Guangxi Hongguihuizhi Fund Management Ltd. (廣西宏桂匯智基金管理有限公司) fulfills the agreed investment target, the bondholder has right to convert the convertible bond to shares in Guangxi Silunjie from then to 10 days before maturity, at a conversion price calculated based on the net profit of the Company for the year ended 31 December 2019 or 2020, depending on whether the conversion rights are exercised before the Company submits the IPO application to Hong Kong Exchanges and Clearing Market ("**HKEX**"). The conversion price may be adjusted subsequently if the Company issues any new shares or convertible bonds to new investors under agreed price.

Although the economic characteristics and risks of the embedded compound derivative representing the redemption feature and the conversion feature are not closely related to the economic characteristics and risks of host debt instrument, the Company is unable to measure it separately, the directors designate the entire convertible bond as at fair value through profit or loss. The detail accounting policy for convertible bond refers to Note 2(q).

The method of discounted cash flow is performed for the valuation. Key valuation assumptions used to determine the fair value of the derivative component of the convertible bond are as follows:

	As at 31 December 2020
Discount rate	9.67%
Risk-free interest rate	2.43%
Credit spread	7.24%
Probability for conversion	0.00%

27 CONVERTIBLE BOND (CONTINUED)

Discount rate was estimated by the sum of risk-free interest rate and credit spread. The directors estimated the risk-free interest rate based on the yield of China Government Bond yield curve with a maturity life close to the remaining maturity. Credit spread was calculated by the difference between risk free rate and yield-to-maturity as at issuance date and it was assumed that the spread was constant throughout the lifetime. As at 31 December 2020, the bondholder's executive partner Guangxi Hongguihuizhi Fund Management Ltd. has not fulfilled the agreed investment target to gain the conversion right.

The convertible bond has been repaid by the Group on 22 April 2021.

The movement of the carrying amount of the convertible bond are as follows.

	RMB'000
As at 1 January 2020	—
Proceeds from convertible bond *(Note 23(c))*	8,000
Interests paid *(Note 23(c))*	(326)
Changes in fair value *(Note 6(a))*	348
As at 31 December 2020	8,022
Repayment of convertible bond *(Note 23(c))*	(8,000)
Interests paid *(Note 23(c))*	(248)
Changes in fair value *(Note 6(a))*	226
As at 31 December 2021	—

28 DEFERRED REVENUE

	Government grants
	RMB'000
At 1 January 2020, 31 December 2020 and 1 January 2021	1,350
Addition during the year	2,210
Amortisation credited to consolidated statement of profit or loss and other comprehensive income	(1,180)
At 31 December 2021 and 1 January 2022	2,380
Amortisation credited to consolidated statement of profit or loss and other comprehensive income	(320)
At 31 December 2022 and 1 January 2023	2,060
Addition during the period	750
At 30 April 2023	2,810

29 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "**Schemes**") organised by the PRC municipal government authorities whereby the Group is required to make contributions to the Schemes based on a percentage of the participating employee's salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the contributions described above.

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Movements of current taxation in the consolidated statements of financial position are set out below:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
At the beginning of the year /period	4,177	9,040	8,544	8,544	5,169
Provision for the year/period	5,954	9,460	7,718	—	—
Acquisition of Shuguang Maiyue	—	79	—	—	—
Income tax paid	(1,091)	(10,035)	(11,093)	(217)	(412)
At the end of the year/period	9,040	8,544	5,169	8,327	4,757

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

(b) Movements of each component of deferred tax assets and liabilities:

Deferred tax arising from:	Credit loss allowances	Deferred government grants	Right-of-use assets and lease liabilities	Cumulative tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2020	1,319	203	50	—	1,572
Charged to profit or loss	519	—	39	—	558
As at 31 December 2020 and 1 January 2021	1,838	203	89	—	2,130
Charged to profit or loss	108	155	31	668	962
Acquisition through business combination	—	—	—	22	22
As at 31 December 2021 and 1 January 2022	1,946	358	120	690	3,114
Charged/(credited) to profit or loss	944	(48)	(114)	(629)	153
Effect on deferred tax balances at 1 January resulting from a change in tax rate *(Note 7(b))*	(36)	—	—	460	424
As at 31 December 2022 and 1 January 2023	2,854	310	6	521	3,691
Charged to profit or loss	909	74	9	1,985	2,977
At 30 April 2023	3,763	384	15	2,506	6,668

(c) Deferred tax liabilities not recognised

The Group did not recognise deferred tax liabilities in respect of the PRC dividend withholding tax relating to certain undistributed profits of the PRC subsidiaries as at 31 December 2020, 2021 and 2022 and 30 April 2023 since the Group controls the dividend policy of these subsidiaries. Based on the assessment of the management, as of 31 December 2020, 2021 and 2022 and 30 April 2023, the undistributed profits amounted to RMB108,676,000, RMB156,058,000, RMB204,737,000 and RMB197,874,000 would not be distributed in the foreseeable future.

31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity during the Relevant Periods are set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	**Share capital**	**Accumulated loss**	**Total**
		RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2020, 31 December 2020 and 1 January 2021		—*	—	—*
Issuance of share	*31(b)*	—*	—	—*
Loss and other comprehensive income for the year		—	(5,458)	(5,458)
As at 31 December 2021 and 1 January 2022		—*	(5,458)	(5,458)
Loss and other comprehensive income for the year		—	(3,754)	(3,754)
As at 31 December 2022 and 1 January 2023		—*	(9,212)	(9,212)
Loss and other comprehensive income for the period		—	(1,567)	(1,567)
At 30 April 2023		—*	(10,779)	(10,779)

* The balances represent amounts less than RMB500.

(b) Share capital

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 21 March 2019 with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the same date, one share was allotted and issued, credited as fully paid.

On 16 February 2021, additional 9,999 shares were allotted and issued, credited as fully paid. The share capital increased to HK$100. The issue contained a bonus element that has changed the number of ordinary shares outstanding without a corresponding change in resources.

31 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act (as revised) of the Cayman Islands as amended, consolidated or supplemented from time to time.

(ii) Other reserve

The other reserve as at 1 January 2019 represented the paid-in capital and share premium of a PRC subsidiary of the Group, namely Guangxi Silunjie.

On 25 December 2018, shareholders of Guangxi Silunjie and Mr. Chan Eongliat, Jason entered into an agreement for capital injection. According to this agreement, Mr. Chan Eongliat, Jason injected a total amount of RMB2,560,000 to Guangxi Silunjie on 20 June 2019. After this capital injection, Mr. Chan Eongliat, Jason owned 5% of Guangxi Silunjie's equity interests and Guangxi Silunjie became a foreign-invested enterprise.

On 18 November 2019, Guangxi Huahe Digital Technology Company Limited ("**Guangxi Huahe**") acquired all equity interests of Guangxi Silunjie with consideration of RMB53,807,000. Pursuant to the Reorganisation completed on 27 December 2019, the Company became the holding company of the companies now comprising the Group and accordingly, the paid-in capital of the PRC subsidiary of the Group was eliminated against the long-term investment when preparing the Historical Financial Information.

(iii) PRC statutory reserve

In accordance with the relevant PRC laws and regulations, the Group's subsidiary established in the PRC is required to transfer 10% of its net profit each year to the statutory reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before distributions to equity holders. This reserve can be utilised in setting off accumulated losses or increase capital of the subsidiary and is non-distributable other than in liquidation.

As at 31 December 2020, 2021 and 2022 and 30 April 2023, the statutory reserve of Guangxi Huahe, Guangxi Silunjie and Nanning Maiyue have reach 50% of the registered capital.

31 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(d) Non-controlling interests

The non-controlling interests as at 31 December 2021, 2022 and 30 April 2023 represent the equity interests of Shuguang Maiyue held by Digital Guangxi, the non-controlling shareholder of Shuguang Maiyue.

(e) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Relevant Periods.

(f) 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 and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

31 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, net debt is defined as total debt (which includes bank and other loans, convertible bond and lease liabilities) less cash and cash equivalents.

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans	86,053	120,230	157,931	136,838
Convertible bond	8,022	—	—	—
Lease liabilities	1,340	1,128	547	469
Sub-total	95,415	121,358	158,478	137,307
Less: cash and cash equivalents	(56,116)	(49,156)	(62,601)	(3,864)
Net debt	39,299	72,202	95,877	133,443
Equity	83,541	131,323	179,443	162,718
Net debt to equity ratio	47.0%	55.0%	53.4%	82.0%

For the year ended 31 December 2020, 2021 and 2022 and 30 April 2023, except as disclosed in Note 26(iii), neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices 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's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with a minimum credit rating, for which the Group considers having low credit risk. The Group's credit risk is primarily attributable to trade receivables and contract assets.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2020, 2021 and 2022 and 30 April 2023, 43.96%, 45.78%, 38.53% and 2.23% of the total trade receivables and contract assets, respectively, were due from the Group's largest customer, and 52.65%, 61.61%, 50.58% and 2.85% of the total trade receivables and contract assets, respectively, were due from the five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables (other than retention money) are normally due within 30 days from the date of billing. During the Relevant Periods, some trade receivables (other than retention money) are due over one year upon completion of work, which are negotiated on a case-by-case basis with customers. Retention money (which is included in contract assets until the end of the retention period and transferred into trade receivables when the rights become unconditional) is due within one to seven years (the retention period) upon the completion of work. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicate different loss patterns among trade receivables and contract asset (other than retention money) and retention money, the loss allowance based on past due status is distinguished among trade receivables and contract asset (other than retention money) and retention money.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets (other than retention money) as at 31 December 2020, 2021 and 2022 and 30 April 2023:

	As at 31 December 2020		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	0.79%	95,409	752
Less than 3 months past due	2.85%	22,756	648
More than 3 months but less than 6 months past due	5.12%	2,051	105
More than 6 months but less than 12 months past due	15.73%	2,740	431
More than 1 year but less than 2 years past due	100.00%	1,124	1,124
Total		124,080	3,060

	As at 31 December 2021		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	1.48%	148,078	2,187
Less than 3 months past due	2.73%	44,733	1,221
More than 3 months but less than 6 months past due	4.47%	2,573	115
More than 6 months but less than 12 months past due	14.47%	7,539	1,091
More than 1 year but less than 2 years past due	100.00%	972	972
More than 2 years past due	100.00%	24	24
Total		203,919	5,610

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 31 December 2022		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Current	2.29%	147,556	3,376
Less than 3 months past due	5.61%	46,107	2,586
More than 3 months but less than 6 months past due	8.69%	2,164	188
More than 6 months but less than 12 months past due	22.68%	22,729	5,155
More than 1 year but less than 2 years past due	62.45%	7,233	4,517
More than 2 years past due	100.00%	872	872
Total		226,661	16,694

	As at 30 April 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Current	3.11%	98,135	3,056
Less than 3 months past due	7.68%	41,747	3,207
More than 3 months but less than 6 months past due	11.23%	35,059	3,938
More than 6 months but less than 12 months past due	18.64%	1,835	342
More than 1 year but less than 2 years past due	48.47%	19,331	9,370
More than 2 years past due	100.00%	3,786	3,786
Total		199,893	23,699

The expected credit loss rate for the period "more than 1 year but less than 2 years past due" decreased from 100.00% in FY2021 to 62.45% in FY2022, because several accounts receivable more than 1 year but less than 2 years past due were recovered in FY2022, which reduced the migration rate and expected credit loss rate.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table provides information about the Group's exposure to credit risk and ECLs for retention money include contract asset and past due retention money in trade receivable as at 31 December 2020, 2021 and 2022 and 30 April 2023:

	As at 31 December 2020		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	30.11%	10,606	3,193
Past due	65.00%	9,384	6,101
Total		19,990	9,294

	As at 31 December 2021		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	27.53%	10,861	2,990
Past due	65.00%	7,036	4,574
Total		17,897	7,564

	As at 31 December 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current	11.29%	6,016	679
Past due	26.80%	8,178	2,192
Total		14,194	2,871

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 30 April 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Current	9.53%	5,478	522
Past due	24.71%	7,417	1,833
Total		12,895	2,355

Expected loss rates are based on actual loss experience over the recent past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The expected credit loss rate for the past due retention money decreased from 65.00% in FY2021 to 26.80% in FY2022, because several past due retention money were recovered in FY2022, which reduced the migration rate and expected credit loss rate.

Movement in the loss allowance account in respect of trade receivables and contract assets during the Relevant Periods is as follows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year/period	8,533	12,354	13,174	19,565
Impairment losses recognised	3,821	820	6,391	6,489
Balance at the end of the year/period	12,354	13,174	19,565	26,054

Other receivables

The Group has assessed that the expected credit losses for other receivables are not material under the 12 months expected credit losses method. Thus, no loss allowance provision was recognised for the Relevant Periods.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as at 31 December 2020, 2021 and 2022 and 30 April 2023 of the Group's non-derivative 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 each of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2020					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans	41,051	38,646	22,077	—	101,774	86,053
Convertible bond	8,402	—	—	—	8,402	8,022
Trade payables	51,895	—	—	—	51,895	51,895
Amounts due to an associate	4,410	—	—	—	4,410	4,410
Amounts due to a joint venture	1,950	—	—	—	1,950	1,950
Amounts due to shareholders	191	—	—	—	191	191
Other payables and accruals	23,315	—	—	—	23,315	23,315
Payables for construction of a business park	2,995	—	—	—	2,995	2,995
Lease liabilities	793	618	—	—	1,411	1,340
	135,002	39,264	22,077	—	196,343	180,171

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 31 December 2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans	75,386	54,118	26	—	129,530	120,230
Trade payables	59,993	—	—	—	59,993	59,993
Amounts due to a joint venture	1,448	—	—	—	1,448	1,448
Amounts due to shareholders	178	—	—	—	178	178
Other payables and accruals	28,923	—	—	—	28,923	28,923
Payables for construction of a business park	59,096	—	—	—	59,096	59,096
Lease liabilities	1,144	—	—	—	1,144	1,128
	226,168	54,118	26	—	280,312	270,996

	As at 31 December 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans	94,680	56,663	20,077	—	171,420	157,931
Trade payables	46,448	—	—	—	46,448	46,448
Amounts due to a joint venture	1,342	—	—	—	1,342	1,342
Amounts due to shareholders	109	—	—	—	109	109
Other payables and accruals	27,128	—	—	—	27,128	27,128
Payables for construction of a business park	84	—	—	—	84	84
Lease liabilities	427	136	—	—	563	547
	170,218	56,799	20,077	—	247,094	233,589

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 30 April 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans	69,407	77,856	—	—	147,263	136,838
Trade payables	29,033	—	—	—	29,033	29,033
Amounts due to a joint venture	1,342	—	—	—	1,342	1,342
Amounts due to shareholders	64	—	—	—	64	64
Other payables and accruals	25,078	—	—	—	25,078	25,078
Payables for construction of a business park	2,037	—	—	—	2,037	2,037
Lease liabilities	463	18	—	—	481	469
	127,424	77,874	—	—	205,298	194,861

(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 Group's interest rate risk arises primarily from loans and borrowing. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table details the interest rate profile of the Group's loans and borrowings at the end of each reporting period:

	As at 31 December						At 30 April	
	2020		2021		2022		2023	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*
Fixed rate borrowings:								
Bank and other loans	4.35% - 10.00%	(86,053)	2.52%-10.00%	(120,230)	2.52%-10.00%	(157,931)	2.00%-10.00%	(136,838)
Convertible bond	9.00%	(8,022)	—	—	—	—	—	—
Lease liabilities	5.70%	(1,340)	5.70%	(1,128)	7.00%	(547)	7.00%	(469)
		(95,415)		(121,358)		(158,478)		(137,307)
Fixed rate borrowings as a percentage of total borrowings		100%		100%		100%		100%

The Group's interest rate risk arises primarily from bank borrowings and lease liabilities. The Group has no significant interest rate risk exposure as the Group does not obtain any bank borrowings at variable interest rates.

(d) Currency risk

The Group has no significant foreign exchange exposure as substantially all of the Group's transactions are denominated in RMB.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

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 HKFRS13, *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.

Analysis on fair value measurement of financial instruments as at 31 December 2020, 2021 and 2022 and 30 April 2023 are as follows:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Categorised into level 3				
Asset:				
Equity securities designated at FVOCI	—	—	—	39,959
Liability:				
Convertible bond	8,022	—	—	—

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Equity securities designated at FVOCI represented the investment in a non-listed company which is operating an under-construction business park. The Group determines the fair value by using the adjusted net assets value method, with unobservable inputs of net assets value. The fair value measurements are positively correlated to the net assets value.

As of 30 April 2023, it is estimated that with all other variables held constant, an increase/decrease in the net assets value by 1% would have increase/decrease the Group's profit or loss and other comprehensive income by RMB 400,000.

Convertible bond measured at fair value

Valuation techniques and inputs used in Level 3 fair value measurements for convertible bond refers to Note 27.

For the fair values of convertible bond, reasonably possible changes at 31 December 2020 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
	Increase	**Decrease**
	RMB'000	*RMB'000*
Risk-free interest rate (1% movement (100 bps))	37	(38)
Credit spread (1% movement (100 bps))	37	(38)

As the condition for conversion right is not met at 31 December 2020 (see Note 27), no sensitive analysis is performed on probability for conversion.

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2020, 2021 and 2022 and 30 April 2023.

33 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2020, 2021 and 2022 and 30 April 2023 not provided for in this Historical Financial Information were as follows:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	141,537	1,459	—	—

The capital commitment is related to the construction of a business park. On 26 April 2021, the Group entered into an agreement with Nanning Julehui Network Technology Co., Ltd. ("**Nanning Julehui**" 南寧居樂惠網絡科技有限公司) in relation to the construction and operation of the business park. According to the agreement, Nanning Julehui is responsible for the construction and property management of the business park and the costs incurred therefrom and entitled to approximately 70% of the right of use or right to rental income from this Business Park. Nanning Julehui is responsible for the construction payment from October 2021 to the end of construction.

On 29 March 2022, above agreement was terminated. New arrangement for the construction of business park refers to Note 19.

34 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions during the Relevant Periods.

During the Relevant Periods, the directors are of the view that the following are related parties of the companies now comprising the Group:

Name of party	Relationship
Mr. Li Changqing	Controlling Shareholder
Mr. Wang Yufei	Controlling Shareholder
Ms. Deng Caidie	Controlling Shareholder
Mr. Zhang Guangbai	Controlling Shareholder
Mr. Chan Eongliat, Jason	Shareholder
Ms. Yang Zihan	The close family member of the Controlling Shareholder
Ms. He Deling	The close family member of the Controlling Shareholder
Shuguang Maiyue	The associate of the Group (before 21 April 2021)
Fangchenggang City Investment Digital	The joint venture of the Group
Digital Guangxi Group Co., Ltd. (數字廣西集團有限公司) ("**Digital Guangxi**")	The controlling shareholder of the associate of the Group (before 21 April 2021)/the non-controlling shareholder of a subsidiary of the Group (on and after 21 April 2021)
Wanjin	Entity controlled by an executive director (before 15 March 2022)

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Short-term employee benefits	1,083	1,865	2,473	805	911
Contributions to defined contribution retirement plan	7	69	71	25	22
	1,090	1,934	2,544	830	933

Total remuneration is included in "staff costs" (see Note 6(b)).

34 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Material transactions with related parties

The Group enter into the following material related parties transactions during each reporting period are as follows:

	Years ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Recurring transactions:					
Trade related:					
Provision of integrated IT solution services to Shuguang Maiyue	41,868	N/A	N/A	N/A	N/A
Provision of integrated IT solution services to Digital Guangxi:					
— Obligation for sales of software on behalf of third-party supplier (net basis)	4,362	5,082	455	—	—
— Obligation for provision of information technology service	4,219	41,738	4,698	129	41
	8,581	46,820	5,153	129	41
Provision of integrated IT solution services to Fangchenggang City Investment Digital	—	987	—	—	—
Property management service provided by Wanjin	202	191	N/A	N/A	N/A
Non-recurring transactions:					
Non-trade related:					
Advance from/receive from related parties					
— Mr. Li Changqing	911	7,622	91	1	—
— Mr. Wang Yufei	1,363	5,386	—	—	—
— Ms. Deng Caidie	1,149	2,134	—	—	—
— Mr. Zhang Guangbai	—	1,522	3	—	—
— Ms. He Deling	428	145	95	—	—
— Ms. Yang Zihan	—	—	—	—	—
	3,851	16,809	189	1	—
Repayment to/advance to related parties					
— Mr. Li Changqing	13,092	1,233	—	—	45
— Mr. Wang Yufei	7,653	420	160	160	—
— Ms. Deng Caidie	2,764	530	—	—	—
— Mr. Zhang Guangbai	1,495	580	3	—	—
— Ms. He Deling	417	221	40	40	—
— Ms. Yang Zihan	—	—	—	—	—
— Fangchenggang City Investment Digital	—	400	106	106	—
	25,421	3,384	309	306	45

34 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

(i) Amounts due from related parties

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Contract assets				
— Shuguang Maiyue	730	N/A	N/A	N/A
— Digital Guangxi	—	1,799	1,962	1,962
	730	1,799	1,962	1,962
Trade receivables				
— Shuguang Maiyue	25,013	N/A	N/A	N/A
— Digital Guangxi	37,584	99,759	7,342	1,673
— Fangchenggang City Investment Digital	—	1,116	330	—
	62,597	100,875	7,672	1,673
Other receivables				
— Digital Guangxi	—	—	6,093	6,093
Non-trade related				
Other receivables				
— Mr. Li Changqing	6,403	—	—	—
— Mr. Wang Yufei	4,806	—	—	—
— Ms. Deng Caidie	1,604	—	—	—
— Mr. Zhang Guangbai	1,101	—	—	—
— Ms. He Deling	—	55	—	—
	13,914	55	—	—

* Shuguang Maiyue has been acquired as a subsidiary of the Group on 21 April 2021.

34 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Amounts due to related parties

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Lease liabilities				
— Wanjin#	1,015	1,058	N/A	N/A
Non-trade related				
Other payables				
— Mr. Li Changqing	32	18	109	64
— Mr. Wang Yufei	—	160	—	—
— Ms. Deng Caidie	—	—	—	—
— Mr. Zhang Guangbai	159	—	—	—
— Mr. Chan Eongliat, Jason	—	—	—	—
	191	178	109	64
Amounts due to an associate *(Note 24)*	4,410	—	—	—
Amounts due to a joint venture *(Note 24)*	1,950	1,448	1,342	1,342

Note:

On 1 June 2018, the Group entered into a five-year lease in respect of certain leasehold properties from a related party, Wanjin, for office area. The amount of rent payable by the Group under the lease is RMB nil for the first three years, RMB524,000 for the fourth year and RMB550,000 for the fifth year, respectively, which was determined with reference to amounts charged by the related party to third parties. At the commencement date of the lease, the Group recognises a right-of-use asset and a lease liability of RMB880,000.

On 15 March 2022, Mr. Ye Shanmin resigned as the executive director of the Company. Wanjin, the entity controlled by Mr. Ye, is not considered as a related party of the Group.

The amounts due from/to related parties are unsecured, interest-free and repayable on demand. The directors of the Company have confirmed that the non-trade related balances with related parties will be settled before the listing of the Company's shares on the Stock Exchange.

35 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2020, 2021 and 2022 and 30 April 2023, the directors considered the ultimate controlling shareholder of the Group to be Mr. Li Changqing, Ms. Deng Caidie, Mr. Wang Yufei and Mr. Zhang Guangbai. As at 30 April 2023, the immediate controlling shareholder of the Group is Deep Blue Ocean Electronics Technology Limited, which was incorporated in the BVI and does not produce financial statements available for public use.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON OR AFTER 1 JANUARY 2023

Up to the date of issue of this 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 1 January 2023 and which have not been adopted in the Historical Financial Information. These include the following:

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements*	1 January 2024
Amendments to HKAS 1, Presentation of *financial statements: Classification of liabilities as current or non-current*	1 January 2024
Amendments to HKAS 1, *Non-current Liabilities with Covenants*	1 January 2024
Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to HKFRS 10, Consolidated financial statements and HKAS 28, *Investments in associates and joint ventures "Sale or contribution of assets between an investor and its associate or joint venture"*	To be decided

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations 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 consolidated financial statements.

37 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events which have occurred to any business or company or within any group covered by the accountants' report since the end of the period reported on.

Subsequent financial statements

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 30 April 2023.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and 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 paragraph 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 as if the Global Offering had taken place on 30 April 2023.

This 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 provide a true picture of the net tangible assets of the Group had the Global Offering been completed as at 30 April 2023 or at any future dates.

	Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 30 April 2023(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share(3)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on the Offer Price of HK$1.05 per Offer Share.	148,921	89,604	238,525	0.48	0.53
Based on the Offer Price of HK$1.40 per Offer Share.	148,921	127,101	276,022	0.55	0.62

Notes:

(1) The consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 30 April 2023 is arrived at after deducting intangible assets of RMB12,036,000 from the consolidated net assets of the Group attributable to equity shareholders of the Company of RMB160,957,000 as at 30 April 2023, as shown in the Accountants' Report as set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$1.05 and HK$1.40 per Offer Share, being the low end price and high end price of the indicative Offer Price range respectively, after deduction of the underwriting commissions and other listing related expenses payable by the Group (excluding RMB22,330,000 listing expenses which had been charged to the consolidated statement of profit or loss and other comprehensive income up to 30 April 2023) and 125,000,000 Shares expected to be issued under the Global Offering, takes no account of any shares that may be issued upon exercise of the Over-Allotment Option or any options which may be granted under the Shares Option Scheme. For illustrative purpose, the estimated net proceeds have been converted from Hong Kong dollar into Renminbi at the exchange rate of HK$1.12 to RMB1. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at the rate or at any other rates or at all.

(3) The unaudited pro forma adjusted net tangible assets of the Group attributable to equity shareholders of the Company per Share is arrived at after the adjustments referred to the preceding paragraphs and on the basis of 500,000,000 Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue, assuming that the Global Offering and the Capitalisation Issue have been completed on 30 April 2023, but does not take into account of any shares that may be issued upon exercise of the Over-Allotment Option or any options which may be granted under the Shares Option Scheme. For illustrative purpose, the unaudited pro forma adjusted net tangible assets of the Group attributable to equity shareholders of the Company per share are converted from Renminbi into Hong Kong dollar at exchange rate of HK$1.12 to RMB1. No representation is made that the Hong Kong dollar amounts have been, could have been, or may be converted to Renminbi, or vice versa, at the rate of any other rates at all.

(4) No adjustment has been made to the unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 30 April 2023.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

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.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF MAIYUE TECHNOLOGY LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Maiyue Technology Limited (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 30 April 2023 and related notes as set out in Part A of Appendix II to the prospectus dated 28 September 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 30 April 2023 as if the Global Offering had taken place at 30 April 2023. As part of this process, information about Group's financial position as at 30 April 2023 have 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 behaviour.

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 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 events or transactions as at 30 April 2023 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.

Certified Public Accountants
Hong Kong

28 September 2023

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 March 2019 under the Cayman Companies Act. The Company's constitutional documents consist of its Memorandum and Articles of Association.

1. MEMORANDUM OF ASSOCIATION

1.1 The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since 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.

1.2 By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 18 September 2023, and will become effective on the Listing Date. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of shares

The share capital of the Company consists of ordinary shares.

(b) Variation of rights of existing shares or classes of shares

Subject to the Cayman 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 any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate general meeting, provided that the necessary quorum shall be two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative), or representing by proxy at least one-third of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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.

(c) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of a larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(d) Transfer of shares

Subject to the Cayman Companies Act and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House (as defined in the Articles) or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders. It may also decline to recognise any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules and in accordance with the terms equivalent to the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Power of the Company to purchase its own shares

The Company may 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 requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(f) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(g) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. 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 20 per cent per annum as the Board shall fix from the day appointed for payment 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If 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, nevertheless, remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

2.2 Directors

(a) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting or the Articles. Any Director so appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. Every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The Company shall include the particulars of such proposed person for election as a Director in its announcement or supplementary circular, and shall give the shareholders at least seven days to consider the relevant information disclosed in such announcement or supplementary circular prior to the date of the meeting of the election.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director (including a managing director or other executive director) may be removed by an ordinary resolution of the members 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 the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the retirement by rotation provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(i) resigns;

(ii) dies;

(iii) is declared to be of unsound mind and the Board resolves that his office be vacated;

(iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) he is prohibited from being or ceases to be a director by operation of law;

(vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(viii) is removed from office by no less than three-fourths in number of the Directors pursuant to the Articles.

From time to time 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 also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(b) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Act, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory 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 shall be 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, provided that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may 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 Cayman Companies Act to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(d) 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 uncalled capital of the Company and, subject to the Cayman Companies Act, to issue debentures, debenture stock, 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.

(e) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, *pro rata*. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, 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 shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(f) Compensation or payments for loss of office

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

(g) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(h) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. 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 in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, 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 for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub- underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under the Cayman Islands laws and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the approval of a special resolution of the Company.

2.5 Meetings of members

(a) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the voting rights held by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Cayman Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution, by contrast, is 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 members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(b) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company, provided that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. 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. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(i) at least two members;

(ii) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iii) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, it may appoint proxies or authorise such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member, including the right to speak and vote individually on a show of hands or on a poll.

All Shareholders of the Company (including a Shareholder which is a Clearing House (or its nominee(s)) shall have the right to (a) speak at a general meeting and (b) vote at a general meeting except where a Shareholder is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual general meetings

The Company must hold an annual general meeting in each financial year. Such meeting must be held within six months after the end of the Company's financial year.

(d) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Act and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95 per cent of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(e) 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, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to 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.

(f) 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 corporation which is a member may execute a form of proxy under the hand of a duly authorised officer. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member present in person at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(g) Members' requisition for meetings

One or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two 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 (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.

2.6 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Act (which include all sales and purchases of goods by the Company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account, book or document of the Company except as conferred by the Cayman Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory, the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The members shall appoint auditor(s) to hold office by an ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members in general meeting by an ordinary resolution of the members or, subject to compliance with the Listing Rules, by the Board if authority is so delegated by the members. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in its place for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other methods of distribution

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.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(b) all dividends shall be apportioned and paid *pro rata* in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(c) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(i) 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 to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(ii) that the 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine 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, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' 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 monies 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 per cent per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, 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.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarised in paragraph 3.6 of this Appendix.

2.10 Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(a) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and

(b) if the Company is wound up and the assets available for distribution among the members as such are 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 on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was incorporated in the Cayman Islands as an exempted company on 21 March 2019 subject to the Cayman Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

Under the Cayman Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Cayman Companies Act;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.15 Register of directors and officers

Pursuant to the Cayman Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by (i) 75 % in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated, the dissenting member would have no rights comparable to the appraisal rights (that is, the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.19 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.20 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2021 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. The Company is required to comply with the economic substance requirements from 1 July 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on any relevant activities and if it is, it must satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of the Cayman Companies Act. This letter, together with a copy of the Cayman Companies Act, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed "Documents on Display" in Appendix V to this prospectus. Any person wishing to have a detailed summary of the Cayman Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 March 2019 under the Cayman Companies Act. Our registered address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. We have registered a place of business in Hong Kong at Unit 1412, 14/F, COSCO Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 7 July 2021. Mr. Hui Chi Chung Nevin has been appointed as our agent for the acceptance of service of process and notices in Hong Kong. The address for service of process on the Company in Hong Kong is the same as its registered place of business in Hong Kong set out above.

As we are incorporated in the Cayman Islands, our corporate structure, our Memorandum of Association and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of our Memorandum of Association and Articles of Association and certain relevant aspects of Cayman Islands company law are set out in Appendix III to this prospectus.

2. Changes in Share Capital of our Company

As at the date of our incorporation, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares of par value of HK$0.01 each. The following sets out the changes in the Company's share capital since the date of its incorporation:

(a) on 21 March 2019, one Share with par value of HK$0.01 as the subscriber Share was allotted and issued to the initial subscriber, an independent third party, which was subsequently transferred to Deep Blue Ocean on the same day at par value;

(b) on 16 February 2021, 9,999 Shares were allotted and issued, fully paid at par, to Deep Blue Ocean;

(c) on 16 February 2021, Deep Blue Ocean transferred 800 Shares, 750 Shares and 290 Shares to Canwest Profits, Million Oak and Mr. Chua, respectively; and

(d) pursuant to the resolutions in writing of the Shareholders passed on 18 September 2023, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 shares with a par value of HK$0.01 each, by the creation of additional 962,000,000 shares.

See "Share Capital" for a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following completion of the Capitalisation Issue and the Global Offering.

Save as disclosed herein and in "— 3. Written Resolutions of our Shareholders passed on 18 September 2023", there has been no alteration in our share capital of our Company since its incorporation.

3. Written Resolutions of our Shareholders passed on 18 September 2023

Pursuant to the written resolutions of the Shareholders of our Company passed on 18 September 2023, our Shareholders resolved that (among others):

(a) the authorised share capital of our Company will be increased from HK$380,000 divided into 38,000,000 Shares to HK$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional 962,000,000 Shares with effect from the Listing Date;

(b) conditional upon the fulfilment or waiver of the conditions set out in "Structure and Conditions of the Global Offering — Conditions of the Global Offering" and subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the new Shares under the Global Offering, the capitalisation (the "**Capitalisation Issue**") of an amount of HK$3,749,900 standing to the credit of the share premium account of the Company and the appropriation of such amount to pay up in full at par 374,990,000 Shares for allotment and issue to the shareholders whose names appear on the register of members of the Company on the date as determined by the Board in proportion (as nearly as possible without involving fractions) to their existing shareholdings in the Company, each ranking pari passu in all respects with the then existing Shares;

(c) our Company approved and adopted the Memorandum and Articles of Association, which will come into effect upon Listing;

(d) subject to the conditions of the Global Offering as set out in "Structure and conditions of the Global Offering" being fulfilled and the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as result of the waiver of any condition(s) thereunder the Sole Overall Coordinator for itself and on behalf of the Underwriters) and such obligations not having been terminated in accordance with their respective terms:

(i) the Listing, the Global Offering and the Over-allotment Option were approved, subject to such modifications as our Directors (or any committee established by the Board) may in their sole discretion determine, and our Directors or any committee established by the Board were authorised to do all such things as they consider necessary to give effect to the Listing, the Global Offering and the Over-allotment Option;

(ii) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares or securities convertible into Shares or options, warranties or similar rights to subscribe for Shares or such convertible securities and to make or grant general offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value 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; (c) the exercise of options granted pursuant to the Share Option Scheme, (d) a specific authority granted by the shareholders in general meeting, shall not exceed the aggregate of (i) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (excluding any Shares to be issued upon the Over-allotment Option, and any Shares to be issued upon the exercise of the options which have been or may be granted under the Share Option Schemes); and (ii) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (iii) below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of the conclusion of our earliest annual general meeting, the expiration of the period within which we are required by any applicable law or Articles to hold our next annual general meeting or the date on which the resolution is varied or revoked by any ordinary resolution of the shareholders in the general meeting (the "**Applicable Period**");

(iii) a general unconditional mandate was granted to our Directors to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (excluding any Shares to be issued upon the Over-allotment Option, and any Shares to be issued upon the exercise of the options which have been or may be granted under the Share Option Schemes), such mandate to remain in effect during the Applicable Period;

(iv) the general unconditional mandate mentioned in paragraph (ii) above to be extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate to repurchase Shares referred to in paragraph (iii) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global offering (excluding any Shares to be issued upon the Over-allotment Option);

(e) conditional upon the Listing Committee granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme and the commencement of trading of the Shares on the Stock Exchange, the rules of the Share Option Scheme were approved and adopted and our Directors were authorised to grant options to subscribe for Shares, and to allot, issue and deal with the Shares pursuant to the exercise of the options granted under the Share Option Scheme, in accordance with the rules of the Share Option Scheme.

4. Our Subsidiaries

Certain details of our subsidiaries are set out in Appendix I to this prospectus. Save as set out in Appendix I to this prospectus, we do not have any other subsidiaries.

Save as disclosed in "History, Reorganisation and Corporate Structure", there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

5. Corporate Reorganisation

See "History, Reorganisation and Corporate Structure" for further details of the Reorganisation which was effected for the Listing.

6. Repurchase of Shares

This paragraph sets out information required by the Stock Exchange to be included in this prospectus relating to the repurchase by our Company of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, including but not limited to the followings:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution by shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Memorandum of Association and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time. Subject to the foregoing, any repurchase by our Company may be made out of the profits of our Company, out of our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Articles and Cayman Companies Act, out of capital and, in the case of any premium payable on the purchase, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Articles and Cayman Companies Act, out of capital.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities shall disclose to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased securities

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of repurchases

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and our Shareholders. Repurchases may, depending on market conditions, funding arrangements and other circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association, the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. There could be a material and adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate granted to our Directors as set forth in paragraph (c)(iii) of "— 3. Written Resolutions of our Shareholders passed on 18 September 2023" above were to be carried out in full at any time during the share repurchase period. On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital or gearing position of our Group compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate granted to our Directors as set forth in paragraph (c)(iii) of "— 3. Written Resolutions of our shareholders passed on 18 September 2023" above, on the basis of 500,000,000 Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (without taking into accounts our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme) could accordingly result in up to 50,000,000 Shares being repurchased by our Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the expiry of the period within which we are required by any applicable laws or the Articles of Association to hold our next annual general meeting; or

(iii) the date on which the said repurchase mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of our Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their respective close associates has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the said repurchase mandate is exercised.

If, as a result of any repurchase of Shares pursuant to the said repurchase mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, 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, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the said repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public falling below 25.0% of the total number of Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the said repurchase mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or any member of our Group within two years preceding the date of this prospectus and are or may be material:

(a) the termination agreement dated 29 March 2022 entered into between Nanning Maiyue and Nanning Julehui Network Technology Co., Ltd. (南寧居樂惠網路科技有限公司), in relation to the termination of the development and construction of a business park;

(b) the capital injection agreement (the "**Capital Injection Agreement**") dated 8 April 2022 entered into between Nanning Maiyue and Guangxi Qianlong Education Technology Co., Ltd. (廣西千龍教育科技有限責任公司) ("**Guangxi Qianlong**") in relation to, among others, the capital injection by Nanning Maiyue and Quangxi Qianlong in Guangxi Qianyue;

(c) the development and construction agreement dated 8 April 2022 entered into between the Planning and Construction Management Committee of Wuxiang New District, Nanning, Guangxi (廣西南寧五象新區規劃建設管理委員會), Nanning Maiyue, Guangxi Qianlong and Guangxi Qianyue, in relation to, among others, the development and construction of a business park;

(d) the assignment agreement dated 23 April 2022 entered into between Nanning Maiyue, Guigang Honggang Construction Engineering Co., Ltd. (貴港市宏港建築工程有限責任公司) and Guangxi Qianyue, in relation to, among others, the assignment of the responsibilities under a construction agreement from Nanning Maiyue to Guangxi Qianyue;

(e) the supplemental agreement for the Capital Injection Agreement dated 28 December 2022 entered into between Nanning Maiyue and Guangxi Qianlong in relation to, among others, the changes in timetable for the capital injection in Guangxi Qianyue;

(f) the supplemental agreement for the Capital Injection Agreement dated 3 March 2023 entered into between Nanning Maiyue and Guangxi Qianlong in relation to, among others, the changes in payment method for the capital injection in Guangxi Qianyue;

(g) the Deed of Indemnity;

(h) the Deed of Non-competition; and

(i) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1.	SOFT 迈越软件 MAIYUE SOFT “SOFT”放弃专用权	42	Nanning Maiyue	PRC	20602445	6 September 2027
2.	创鹏云 CHUANGPENG CLOUD	35	Nanning Maiyue	PRC	47239662	6 March 2031
3.	创鹏云 CHUANGPENG CLOUD	9	Nanning Maiyue	PRC	47231316	20 February 2031
4.	TECH 迈越科技 MAIYUE TECH	42	Nanning Maiyue	PRC	42190516	27 August 2030

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
5.	maiyue	42	Nanning Maiyue	PRC	42188010	13 August 2030
6.	YC 宇常科教	42	Guangxi Yuchang	PRC	48586209	27 March 2031
7.	YC 宇常科教	9	Guangxi Yuchang	PRC	48588695	6 April 2031
8.		9	Nanning Maiyue	PRC	54149662	6 October 2031
9.	创鹏云	9	Nanning Maiyue	PRC	54139684	6 October 2031
10.		9	Nanning Maiyue	PRC	42208629	13 October 2031
11.	CHUANGPENG CLOUD	9	Nanning Maiyue	PRC	54160561	13 October 2031
12.	MAIYUE TECH	42	Nanning Maiyue	PRC	54818460	27 October 2031
13.	迈越软件	9	Nanning Maiyue	PRC	54835574	27 October 2031
14.	迈越科技	9	Nanning Maiyue	PRC	54843683	27 October 2031

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
15.	迈越软件	42	Nanning Maiyue	PRC	54843732	27 October 2031
16.	迈越科技	42	Nanning Maiyue	PRC	54845975	27 October 2031
17.	MAIYUE SOFT	9	Nanning Maiyue	PRC	54850337	27 October 2031
18.	MAIYUE SOFT	42	Nanning Maiyue	PRC	54850394	27 October 2031
19.	TECH	42	Nanning Maiyue	PRC	54820923	6 November 2031
20.	TECH	9	Nanning Maiyue	PRC	54843694	6 November 2031
21.	思伦捷	9	Guangxi Silunjie	PRC	56556044	13 December 2031
22.	思伦捷	42	Guangxi Silunjie	PRC	56564905	13 December 2031
23.	MAIYUE TECH	9	Nanning Maiyue	PRC	54837040	13 April 2032
24.	迈越元教育	42	Nanning Maiyue	PRC	61420113	13 June 2032
25.	迈越元教育	9	Nanning Maiyue	PRC	61409043	13 June 2032

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
26.		42	Nanning Maiyue	PRC	54818465	6 November 2032
27.		9	our Company	Hong Kong	305114529	14 November 2029
28.		42	our Company	Hong Kong	305114538	14 November 2029
29.		9	our Company	Hong Kong	305114547	14 November 2029
30.		42	our Company	Hong Kong	305114556	14 November 2029
31.	MAIYUE TECH	9, 42	Our Company	Hong Kong	305584186	6 April 2031
32.		9, 42	Our Company	Hong Kong	305584212	6 April 2031
33.	迈越科技	9, 42	Our Company	Hong Kong	305584168	6 April 2031

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
34.		9, 42	our Company	Hong Kong	305611130	29 April 2031

(b) Patents

As at the Latest Practicable Date, we have registered the following patents which we consider to be material to our business:

No.	Patent	Type	Patent holder	Place of registration	Patent number	Expiry date
1.	A computer keyboard with anti-dust cover (一種帶防塵蓋的電腦鍵盤)	Utility model	Nanning Maiyue	PRC	ZL201721658115.5	3 December 2027
2.	A cleaning device for computer keyboards (一種計算機鍵盤清洗裝置)	Utility model	Nanning Maiyue	PRC	ZL201820861594.9	4 June 2028
3.	A cabinet for industrial use computers (一種基於工業用計算機機櫃)	Utility model	Nanning Maiyue	PRC	ZL201821054983.7	3 July 2028
4.	A cabinet for convenient usage of computer servers (一種方便使用的計算器服務器機櫃)	Utility model	Nanning Maiyue	PRC	ZL201821054181.6	3 July 2028
5.	An anti-dust device for computer USB (一種計算機USB接口防塵裝置)	Utility model	Nanning Maiyue	PRC	ZL201821091541.X	10 July 2028

No.	Patent	Type	Patent holder	Place of registration	Patent number	Expiry date
6.	An external webcam device for computers (一種計算機的外接攝像裝置)	Utility model	Nanning Maiyue	PRC	ZL201821091582.9	10 July 2028
7.	An anti-dust device for computer hard drives (一種計算機硬盤防塵裝置)	Utility model	Nanning Maiyue	PRC	ZL201821103069.7	11 July 2028
8.	A mounting device for computer hard drives (一種計算機硬盤的固定裝置)	Utility model	Nanning Maiyue	PRC	ZL201821021469.3	28 June 2028
9.	A cooling device for computer central processing units (一種計算機處理器的散熱裝置)	Utility model	Nanning Maiyue	PRC	ZL201821091510.4	10 July 2028
10.	An automatic surveillance equipment for quantum computer data centre (一種量子計算機數據中心自動監控設備)	Utility model	Nanning Maiyue	PRC	ZL202021012495.7	4 June 2030
11.	A facial recognition device (一種人臉識別裝置)	Utility model	Nanning Maiyue	PRC	ZL202021034013.8	7 June 2030
12.	A facial recognition device (一種人臉識別裝置)	Utility model	Nanning Maiyue	PRC	ZL202021034020.8	7 June 2030
13.	A multifunctional work desk for computer software development (一種計算機軟件發展用多功能工作台)	Invention	Nanning Maiyue	PRC	ZL201710110922.1	27 February 2037
14.	A big data visualisation device* (一種大數據可視化設備)	Invention	Nanning Maiyue	PRC	ZL20221374223.0	2 June 2032

As at the Latest Practicable Date, we have applied for the registration of the following patents which we consider to be material to our business:

No.	Patent	Type	Applicant	Place of application	Application number	Application date
1.	An automatic surveillance equipment for quantum computer data centre (一種量子計算機數據中心自動監控設備)	Invention	Nanning Maiyue	PRC	202010503218.4	5 June 2020
2.	A facial recognition device (一種人臉識別裝置)	Invention	Nanning Maiyue	PRC	202010512805.X	8 June 2020
3.	A facial recognition device (一種人臉識別裝置)	Invention	Nanning Maiyue	PRC	202010512815.3	8 June 2020
4.	A fast course scheduling algorithm based on three-dimensional matrix algorithm* (一種關於三維矩陣運算的快速收斂排課算法)	Invention	Nanning Maiyue	PRC	202111426273.9	27 November 2021
5.	A system process management device* (一種制度流程管理裝置)	Invention	Nanning Maiyue	PRC	202220977123.0	26 April 2022
6.	An industrial controller conducting video image quality diagnosis* (一種視頻圖像質量診斷工控機)	Invention	Nanning Maiyue	PRC	202221027824.4	1 May 2022
7.	A data collection device* (一種用於數據的採集裝置)	Invention	Nanning Maiyue	PRC	202221083365.1	8 May 2022
8.	A cloud-based desktop terminal defence structure* (一種雲桌面終端防護結構)	Invention	Nanning Maiyue	PRC	202221134283.5	12 May 2022

No.	Patent	Type	Applicant	Place of application	Application number	Application date
9.	An asset management system based on data middle-end platform* (一種基於數據中台的資產管理系統)	Invention	Nanning Maiyue	PRC	202210539360.3	19 May 2022
10.	A big-data-based digitalised campus management system* (一種基於大數據的智慧校園管理系統)	Invention	Nanning Maiyue	PRC	202210555905.X	22 May 2022
11.	An imaging quality analysis system* (一種成像質量分析系統)	Invention	Nanning Maiyue	PRC	202210590444.X	28 May 2022
12.	A low-radiation cloud desktop terminal* (一種低輻射雲桌面終端)	Invention	Nanning Maiyue	PRC	202210595110.1	29 May 2022

(c) Domain Names

As at the Latest Practicable Date, we have registered the following domain names which we consider to be material to our business:

No.	Domain name	Registrant	Expiry date
1.	www.maiyuesoft.com	Nanning Maiyue	3 March 2025

(d) Computer software copyrights

As at the Latest Practicable Date, we have registered the following computer software copyrights which we consider to be material to our business:

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
1.	Maiyue e-learning discussion platform software V1.0 (邁越網絡學習討論平台軟件V1.0)	PRC	2016SR137239	Nanning Maiyue	12 June 2016

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
2.	Maiyue three dimensional virtualised digitalised campus management platform software V1.0 (邁越三維虛擬校園智慧管控平台軟件V1.0)	PRC	2016SR138013	Nanning Maiyue	12 June 2016
3.	Maiyue three-dimensional campus display platform software V1.0 (邁越三維校園立體展示平台軟件V1.0)	PRC	2016SR137321	Nanning Maiyue	12 June 2016
4.	Maiyue server virtualisation system software V1.0 (邁越服務器虛擬化系統軟件V1.0)	PRC	2016SR139332	Nanning Maiyue	13 June 2016
5.	Maiyue desktop virtualisation system software V1.0 (邁越桌面虛擬化系統軟件V1.0)	PRC	2016SR139364	Nanning Maiyue	13 June 2016
6.	Maiyue cloud lectures platform software V1.0 (邁越雲課堂平台軟件V1.0)	PRC	2016SR156074	Nanning Maiyue	24 June 2016
7.	Portable repair system V1.0 (移動報修系統V1.0)	PRC	2016SR385912	Nanning Maiyue	21 December 2016
8.	Portable internal mail system V1.0 (移動內部郵件系統V1.0)	PRC	2016SR386008	Nanning Maiyue	21 December 2016
9.	Maiyue big data precision service platform V1.0 (邁越大數據精準化服務平台V1.0)	PRC	2017SR282603	Nanning Maiyue	19 June 2017

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
10.	Maiyue big data digitalised campus platform V1.0 (邁越大數據智慧校園平台V1.0)	PRC	2017SR402608	Nanning Maiyue	26 July 2017
11.	Maiyue teaching evaluation platform V1.0 (邁越評教系統V1.0)	PRC	2017SR402497	Nanning Maiyue	26 July 2017
12.	Maiyue project management system V1.0 (邁越項目管理系統V1.0)	PRC	2017SR401999	Nanning Maiyue	26 July 2017
13.	Maiyue student integrated services platform V1.0.1 (邁越學生綜合服務平台V1.0.1)	PRC	2017SR402742	Nanning Maiyue	26 July 2017
14.	Maiyue school cooperation project management system V1.0 (邁越校企合作項目管理系統V1.0)	PRC	2017SR493542	Nanning Maiyue	6 September 2017
15.	Maiyue high school troubled students identification system V1.0 (邁越高校困難生認定系統V1.0)	PRC	2017SR493567	Nanning Maiyue	6 September 2017
16.	Maiyue internal diagnosis metrics database system V1.0 (邁越內診指標庫系統V1.0)	PRC	2018SR520228	Nanning Maiyue	5 July 2018
17.	Silunjie project management system V.1 (思倫捷項目管理系統V1.0)	PRC	2018SR590371	Guangxi Silunjie	26 July 2018
18.	Maiyue one-stop web operational office system V1.0 (邁越一站式網上辦事大廳系統V1.0)	PRC	2018SR838938	Nanning Maiyue	22 October 2018

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
19.	Maiyue operational office portable version system V1.0 (邁越辦事大廳移動版系統V1.0)	PRC	2018SR917693	Nanning Maiyue	16 November 2018
20.	Maiyue driving cockpit platform V1.0 (邁越駕駛艙平台V1.0)	PRC	2018SR926038	Nanning Maiyue	20 November 2018
21.	Maiyue data collection and record system V1.0 (邁越數據採集與錄入系統V1.0)	PRC	2018SR926061	Nanning Maiyue	20 November 2018
22.	Maiyue diagnosis metrics management system V1.0 (邁越診改指標管理系統V1.0)	PRC	2018SR926273	Nanning Maiyue	20 November 2018
23.	Maiyue integrated school situation system V1.0 (邁越綜合校情系統V1.0)	PRC	2018SR924640	Nanning Maiyue	20 November 2018
24.	Maiyue big data platform V1.0 (邁越大數據平台V1.0)	PRC	2018SR926047	Nanning Maiyue	20 November 2018
25.	Maiyue metadata management platform V1.0 (邁越元數據管理平台V1.0)	PRC	2018SR973432	Nanning Maiyue	4 December 2018
26.	Silunjie big data technology application platform system V1.0 (思倫捷大數據技術應用平台系統V1.0)	PRC	2019SR0407089	Guangxi Silunjie	28 April 2019
27.	Silunjie electronic class tag management system V1.0 (思倫捷電子班牌管理系統V1.0)	PRC	2019SR0413042	Guangxi Silunjie	29 April 2019

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
28.	Silunjie teaching management scene platform V1.0 (思倫捷教學管理場景平台V1.0)	PRC	2019SR0412569	Guangxi Silunjie	29 April 2019
29.	Silunjie digitalised classroom platform system V1.0 (思倫捷智慧教室平台系統V1.0)	PRC	2019SR0412497	Guangxi Silunjie	29 April 2019
30.	Silunjie facial recognition application system V1.0 (思倫捷人臉識別應用系統V1.0)	PRC	2019SR0412397	Guangxi Silunjie	29 April 2019
31.	Maiyue target mission implementation monitoring system V1.0 (邁越目標任務執行監管系統V1.0)	PRC	2019SR1026798	Nanning Maiyue	10 October 2019
32.	Maiyue facial recognition big data analysis management system V1.0 (邁越人臉識別大數據分析管理平台V1.0)	PRC	2019SR1026810	Nanning Maiyue	10 October 2019
33.	Maiyue centralised identity verification system V1.0 (邁越統一身份認證系統V1.0)	PRC	2019SR1177730	Nanning Maiyue	20 November 2019
34.	Maiyue data diagnosis platform V2.0 (邁越信息化診改平台V2.0)	PRC	2019SR1421170	Nanning Maiyue	24 December 2019
35.	Maiyue data centre platform V1.0 (邁越數據中心平台V1.0)	PRC	2020SR0011874	Nanning Maiyue	3 January 2020
36.	Maiyue big data analysis platform V1.0 (邁越大數據分析平台V1.0)	PRC	2020SR0215683	Nanning Maiyue	5 March 2020

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
37.	Maiyue disease control data platform V1.0 (邁越疫情防控信息化系統 V1.0)	PRC	2020SR0354927	Nanning Maiyue	21 April 2020
38.	Chuangpeng cloud desktop virtualisation system V6.0 (創鵬雲桌面虛擬化系統 V6.0)	PRC	2020SR0619730	Nanning Maiyue	12 June 2020
39.	Chuangpeng cloud electronic classroom system V1.0 (創鵬雲電子教室系統V1.0)	PRC	2020SR1053473	Nanning Maiyue	7 September 2020
40.	Maiyue seat reservation system V1.0 (邁越座位預約系統V1.0)	PRC	2020SR1922133	Nanning Maiyue	31 December 2020
41.	Maiyue conference management system V1.0 (邁越會議管理系統V1.0)	PRC	2020SR1922132	Nanning Maiyue	31 December 2020
42.	Maiyue data visualisation platform V1.0 (邁越數據可視化平台V1.0)	PRC	2021SR0008259	Nanning Maiyue	4 January 2021
43.	Maiyue data open platform V1.0 (邁越數據開放平台 V1.0)	PRC	2021SR0008260	Nanning Maiyue	4 January 2021
44.	Maiyue process engine platform V1.0 (邁越流程引擎平台V1.0)	PRC	2021SR0008261	Nanning Maiyue	4 January 2021
45.	Maiyue one network office platform V1.0(邁越一網通辦平台V1.0)	PRC	2021SR0008258	Nanning Maiyue	4 January 2021
46.	Maiyue welcome system V1.0 (邁越迎新系統V1.0)	PRC	2021SR0088634	Nanning Maiyue	18 January 2021

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
47.	Maiyue OA office system V1.0 (邁越OA辦公系統V1.0)	PRC	2021SR0651000	Nanning Maiyue	8 May 2021
48.	Maiyue index management system V1.0 (邁越目錄管理系統V1.0)	PRC	2021SR0677142	Nanning Maiyue	12 May 2021
49.	Maiyue data processing platform V1.0 (邁越數據處理平台V1.0)	PRC	2021SR0677156	Nanning Maiyue	12 May 2021
50.	Maiyue data sharing exchange system V1.0 (邁越數據共享交換系統V1.0)	PRC	2021SR0677151	Nanning Maiyue	12 May 2021
51.	Maiyue data cascade system V1.0 (邁越數據級聯系統V1.0)	PRC	2021SR0677154	Nanning Maiyue	12 May 2021
52.	Maiyue data cleaning management system V1.0 (邁越數據清洗管理系統V1.0)	PRC	2021SR0677158	Nanning Maiyue	12 May 2021
53.	Maiyue data desensitisation management system V1.0 (邁越數據脱敏管理系統V1.0)	PRC	2021SR0677157	Nanning Maiyue	12 May 2021
54.	Maiyue data quality management platform V1.0 (邁越數據質量管理平台V1.0)	PRC	2021SR0677152	Nanning Maiyue	12 May 2021
55.	Maiyue data governance platform V1.0 (邁越數據治理平台V1.0)	PRC	2021SR0677153	Nanning Maiyue	12 May 2021

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
56.	Maiyue data middle office system V1.0 (邁越數據中台系統V1.0)	PRC	2021SR0677159	Nanning Maiyue	12 May 2021
57.	Maiyue data resource management system V1.0 (邁越數據資源管理系統V1.0)	PRC	2021SR0677160	Nanning Maiyue	12 May 2021
58.	Maiyue equipment management system V1.0 (邁越設備管理系統V1.0)	PRC	2021SR0942673	Nanning Maiyue	24 June 2021
59.	Maiyue educational management system V1.0 (邁越教務管理系統V1.0)	PRC	2021SR1922663	Nanning Maiyue	29 November 2021
60.	Maiyue scientific research management system V1.0 (邁越科研管理系統V1.0)	PRC	2021SR1922706	Nanning Maiyue	29 November 2021
61.	Maiyue internship employment system V1.0 (邁越實習就業系統V1.0)	PRC	2021SR1922705	Nanning Maiyue	29 November 2021
62.	Maiyue Digitalised Campus Integrated Application Platform V1.0 (邁越智慧校園一體化應用平台V1.0)	PRC	2021SR1922662	Nanning Maiyue	29 November 2021
63.	Maiyue personnel management system V1.0 (邁越人事管理系統V1.0)	PRC	2021SR1953801	Nanning Maiyue	1 December 2021
64.	Maiyue collaborative office system V1.0 (邁越協同辦公系統V1.0)	PRC	2021SR1953802	Nanning Maiyue	1 December 2021

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
65.	Maiyue student work management system V1.0 (邁越學生工作管理系統 V1.0)	PRC	2021SR1997672	Nanning Maiyue	6 December 2021
66.	Maiyue archives information management system V1.0 (邁越檔案信息管理系統 V1.0)	PRC	2021SR2007817	Nanning Maiyue	6 December 2021
67.	Maiyue teaching management system V2.0 (邁越教學管理系統V2.0)	PRC	2021SR2192666	Nanning Maiyue	28 December 2021
68.	Maiyue scientific research system V2.0 (邁越科研系統 V2.0)	PRC	2021SR2192667	Nanning Maiyue	28 December 2021
69.	Maiyue performance workload system V2.0 (邁越績效工作量系統V2.0)	PRC	2021SR2192665	Nanning Maiyue	28 December 2021
70.	Maiyue integrated information system V2.0 (邁越綜合信息系統V2.0)	PRC	2021SR2192669	Nanning Maiyue	28 December 2021
71.	Maiyue student management system V2.0 (邁越學員管理系統 V2.0)	PRC	2021SR2192668	Nanning Maiyue	28 December 2021
72.	Maiyue graduate management system V2.0 (邁越研究生管理系統 V2.0)	PRC	2021SR2205208	Nanning Maiyue	29 December 2021
73.	Teacher-student one-table communication platform V1.0 (師生一表通平台V1.0)	PRC	2022SR0406258	Nanning Maiyue and Jiang Tao	29 March 2022

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
74.	SPADE teacher quality assurance standard system V1.0 (SPADE教師質量保證標準系統V1.0)	PRC	2022SR0489357	Nanning Maiyue, Guangxi International Business Vocational College and Li Run	19 April 2022
75.	SPADE student quality assurance standard system V1.0 (SPADE學生質量保證標準系統V1.0)	PRC	2022SR0495609	Nanning Maiyue, Guangxi International Business Vocational College and Li Qingwen	20 April 2022
76.	SPADE school quality assurance standard system V1.0 (SPADE學校質量保證標準系統V1.0)	PRC	22022SR0529495	Nanning Maiyue, Guangxi International Business Vocational College and Deng Huimin	26 April 2022
77.	SPADE professional quality assurance standard system V1.0 (SPADE專業質量保證標準系統V1.0)	PRC	2022SR0529496	Nanning Maiyue, Guangxi International Business Vocational College and Jiang Baiping	26 April 2022

No.	Name of copyright	Place of registration	Copyright registration number	Copyright holder	Registration date
78.	SPADE course quality assurance standard system V1.0 (SPADE課程質量保證標準系統V1.0)	PRC	2022SR0537143	Nanning Maiyue, Guangxi International Business Vocational College and Lu Chunmei	27 April 2022
79.	Maiyue data open platform V2.0 (邁越數據開放平台V2.0)	PRC	2022SR1363304	Nanning Maiyue	20 September 2022
80.	Maiyue centralised identity verification system V2.0 (邁越統一身份認證系統V2.0)	PRC	2022SR1351080	Nanning Maiyue	9 September 2022
81.	Maiyue software genuine service platform V1.0 (邁越軟件正版化服務平台 V1.0)	PRC	2022SR1363305	Nanning Maiyue	20 September 2022
82.	Maiyue Algorithm Visualisation Platform V1.0 (邁越算法可視化平臺V1.0)	PRC	2023SR0549591	Nanning Maiyue	10 April 2023
83.	Maiyue Digitalised Decision System (邁越智慧決策系統V1.0)	PRC	2023SR0549644	Nanning Maiyue	10 April 2023
84.	Maiyue Data Modelling Management Platform (邁越數據建模管理平臺V1.0)	PRC	2023SR0549643	Nanning Maiyue	10 April 2023

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors and chief executives of our Company in the shares, underlying shares or debentures of our Company and our associated corporations

Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), the interests or short positions of our Directors and chief executives of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code of Securities Transactions by Directors of the Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

(i) Interests in the Shares

Name of Director	Nature of interest and capacity	Number of Shares(1)	Approximate percentage of shareholding
Mr. Li(2)	Interest in controlled corporation	306,000,000 Shares (L)	61.2%
Mr. Wang(2)	Interest in controlled corporation	306,000,000 Shares (L)	61.2%
Ms. Deng(2)	Interest in controlled corporation	306,000,000 Shares (L)	61.2%
Mr. Zhang(2)	Interest in controlled corporation	306,000,000 Shares (L)	61.2%

Notes:

(1) The letter "L" denotes the person's "long position" (as defined under Part XV of the SFO) in such Share.

(2) Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), Deep Blue Ocean holds 306,000,000 Shares or 61.2% of the issued share capital of our Company. Deep Blue Ocean is beneficially owned as to 52% by Mr. Li, 25% by Mr. Wang, 15% by Ms. Deng and 8% by Mr. Zhang. Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang have agreed to act in concert to consolidate and maintain their control over our Company. Each of Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang is deemed to be interested in the same number of Shares that are held by Deep Blue Ocean under the SFO.

(b) Interests and short positions of substantial shareholders in the Shares or underlying Shares of our Company

So far as is known to any Director or chief executive of our Company, immediately following completion of the Capitalisation Issue and Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons (other than a Director of chief executive of our Company) will have an interest or a short position in the Shares or the underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Long position in our Shares

Name of Substantial Shareholder	Nature of interest and capacity	Number of Shares held/interested [1]	Approximate percentage of shareholding
Deep Blue Ocean	Beneficial owner	306,000,000	61.2%
Ms. Yang Zihan (楊紫涵)[2]	Interest of spouse	306,000,000	61.2%
Ms. Kong Xiaoyan (孔小燕)[2]	Interest of spouse	306,000,000	61.2%
Mr. Xu Tao (徐濤)[2]	Interest of spouse	306,000,000	61.2%
Ms. He Deling (何德玲)[2]	Interest of spouse	306,000,000	61.2%
Canwest Profits	Beneficial owner	30,000,000	6.0%
Mr. Ye [3]	Interest in controlled corporation	30,000,000	6.0%
Ms. Ng Ling Ling (吳玲玲)[4]	Interest of spouse	30,000,000	6.0%
Million Oak	Beneficial owner	28,125,000	5.625%

Name of Substantial Shareholder	Nature of interest and capacity	Number of Shares held/interested [(1)]	Approximate percentage of shareholding
Mr. Chan[(5)]	Interest in a controlled corporation	28,125,000	5.625%
Ms. Koh Lik Ching[(6)] . . .	Interest of spouse	28,125,000	5.625%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Each of the spouse of Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang is deemed to be interested in such Shares held by Mr. Li, Mr. Wang, Ms. Deng and Mr. Zhang, respectively by virtue of the SFO.

(3) Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), Mr. Ye directly owns 100% of Canwest Profits, which holds 30,000,000 Shares or 6.0% of the issued share capital of our Company.

(4) Mr. Ye and Ms. Ng Ling Ling are spouses. Accordingly, Ms. Ng Ling Ling is deemed to be interested in such Shares held by Mr. Ye by virtue of the SFO.

(5) Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), Mr. Chan directly owns 100% of Million Oak, which holds 28,125,000 Shares or 5.625% of the issued share capital of our Company.

(6) Mr. Chan and Ms. Koh Lik Ching are spouses. Accordingly, Ms. Koh Lik Ching is deemed to be interested in such Shares held by Mr. Chan by virtue of the SFO.

As at the Latest Practicable Date, so far as is known to our Directors, other than our Company, no other persons were 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 of our subsidiaries.

2. Directors' service contracts and letter of appointment

Our Company entered into a service contract with each of our executive Directors on 26 March 2021 and a letter of appointment with each of our independent non-executive Directors on 18 September 2023. Each of the service contracts and the letters of appointment is for an initial fixed term of three years commencing from the Listing Date.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any members of our Group (other than contracts expiring or determinate by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Director's Remuneration

The aggregate remuneration (including salaries, allowances and other benefits in kind and retirement scheme contributions) incurred for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023 were RMB0.7 million, RMB1.1 million, RMB1.4 million and RMB0.5 million, respectively.

Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors for the years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023. Pursuant to the existing arrangements that currently in force as at the date of this prospectus, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Company for the year ending 31 December 2023 is estimated to be HK$2.2 million in aggregate.

4. Directors' competing interest

None of our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Personal Guarantees

Save as disclosed in "Relationship with our Controlling Shareholders", as at the Latest Practicable Date, our Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to our Group.

6. Agency Fees or Commission Received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms have been granted by our Group to any person (including our Directors and experts referred to in "— E. Other Information — 6. Qualification of Experts") in connection with the issue or sales of any capital or security of our Company or any of member of our Group within the two years preceding the date of this prospectus.

7. Connected and Related-Party Transactions

Details of the related-party transactions are set out under Note 34 to the Accountants' Report set out in Appendix I to this prospectus.

8. Disclaimers

Save as disclosed in this prospectus:

(a) There are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation) between our Directors and member of our Group);

(b) none of our Directors nor any of the parties listed in "— E. Other Information — 6. Qualification of Experts") 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 by or leased to our Company or any member of our Group, or are proposed to be acquired or disposed of by or leased to our Company or any member of our Group;

(c) none of our Directors or chief executives of our Company has any interests and short position in the shares, underlying shares and debentures of our Company or our associated incorporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he 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 of Listed Issuers to be notified to our Company and the Stock Exchange, in each case once our Shares are listed on the Stock Exchange;

(d) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any other member of our Group;

(e) save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of our Directors nor any of the parties listed in "— E. Other Information — 7. Qualification of experts" is materially interested: (i) in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business in our Group; (ii) is interested legally or beneficially in any of our Shares or any shares in any member of our Group; or (iii) 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 associates (as defined under the Listing Rules) or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5.0% of our issued share capital) has any interest in our five largest customers and five largest suppliers in each year/period during the Track Record Period.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by our Shareholders on 18 September 2023. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

(a) Purpose

The purpose of the Share Option Scheme is to motivate Eligible Participants (i) to optimise their future contributions to our Group; (ii) to reward them for their past contributions; (iii) to attract, retain or otherwise maintain ongoing relationship with Eligible Participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth and success of our Group; (iv) enhance its business, employee and other relations; and (v) retain maximum flexibility as to the range and nature of rewards and incentive which our Group can offer to Eligible Participants.

(b) Eligible Persons

Our Board may, at its sole discretion, grant option under the Share Option Scheme to the following persons (the "**Eligible Participant(s)**"):

(i) any Director of our Company, or any of the subsidiaries of our Company, or any employee employed by our Company and/or its subsidiaries (whether full time or part time), including persons who are granted options under the Share Option Scheme as an inducement to enter into employment contracts with any of such companies (the "**Employee**")(together, "**Category A Participants**");

(ii) any director or employee (whether full time or part time) of any of our Company's holding companies, fellow subsidiaries and associated companies (the "**Category B Participants**");

(iii) any person who provides services to our Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of our Group, including consultants and advisers in respect to the business development and management of our Company (excluding any placing agents or financial advisers providing advisory services for fundraising, merger and acquisitions, and professional service providers such as auditors or valuers who provider assurance, or are required to perform their services with impartiality and objectively)(the "**Category C Participants**").

In determining the basis of eligibility of each Eligible Participant, the Board would mainly take into account (i) the experience of the Eligible Participant on our Group's business; (ii) the length of the service of the Eligible Participant with our Group (if the Eligible Participant is an employee or a director of the Group); (iii) the actual degree of involvement in and/or cooperation with the Group; and (iv) the amount of support, assistance, guidance, advice, efforts and contribution the Eligible Participants has given or made, or may give or make, towards the success of our Group in the future.

In determining whether a person is qualified to be (or, where applicable, continues to qualify to be) a Category A Participant and Category B Participant, the Board will take into account various factors that it in its absolute discretion considers relevant in assessing his or her contribution to the long-term growth of our Group, including, among others: (i) the individual performance; (ii) time commitment; (iii) responsibilities or employment conditions according to the prevailing market practice and industry standard; and (iv) the length of engagement with our Group and the individual contribution or potential contribution to the development and growth of our Group.

In determining whether a person is qualified to be (or, where applicable, continues to qualify to be) a Category C Participant, the Board will take into account various factors that it in its absolute discretion considers relevant in assessing his or her contribution to the long-term growth of our Group, including, among others: (i) the individual performance, (ii) length of business relationship with the Group; (iii) materiality and nature of business relationship with our Group (including but not limited to whether the business relate to the core business of our Group and whether such business dealings could be readily replaced by third parties); (iv) track record in quality of services provided to and/or cooperation with the Group; and (v) scale of business dealings with our Group, with reference to factors such as the actual or expected changes in our Group's revenue or profits which is or may be attributable to the person. In assessing whether the Category C Participant provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board will take into consideration (i) the length and type of services provided and the recurrences and regularity of such services; (ii) the nature of the services provided to our Group by the Category C Participant; and (iii) whether such services form part of or are directly ancillary to the business conducted by our Group. In order for a person to satisfy the Board that he is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his eligibility (or continuing eligibility).

(c) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

(i) the approval of the shareholders of our Company, in general meeting, for the adoption of the Share Option Scheme;

(ii) the Listing Committee granting (or agreeing to grant) approval (subject to such conditions as the Stock Exchange may impose) for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; and

(iii) the commencement of the dealings in the Shares on the Main Board of the Stock Exchange.

The Share Option Scheme shall be subject to the administration of our Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided in the Share Option Scheme) be final and binding on all parties.

(d) Duration

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the effective date, the date in which the conditions as stated in paragraph (c) above have been fulfilled (the "**Effective Date**"). However, the Shareholders may by a resolution in general meeting at any time terminate the Share Option Scheme. Upon expiry or termination of the Share Option Scheme, no further options shall be offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any all options granted before such expiry or termination (as the case may be) or otherwise as may be required in accordance with the terms and conditions of the Share Option Scheme.

(e) Grant of options

On and subject to the terms and conditions of the Share Option Scheme, our Board shall be entitled at any time within a period of ten years commencing on the Effective Date to offer the grant of any option to any Eligible Participant as the Board may in its absolute discretion select, provide that no such offer shall be made if a prospectus is required to be issued under the Companies (WUMP) Ordinance or any other applicable laws or if a grant under such offer will result in a breach by the Company or the Directors of any applicable securities laws or regulations in any jurisdiction.

An offer of the grant of an option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the Grantee together with a remittance in favour of our Company of HK$1.00 (or such other nominal sum in any currency as the Board may determine) by way of consideration for the grant thereof is received by our Company within the period specified in the letter containing the offer of the grant of the option. Once such acceptance is made, the option shall be deemed to have been granted and to have taken effect from the offer date. No offer shall be capable of or open for acceptance after the expiry of ten years from the Effective Date.

Subject to the provisions of the Share Option Scheme and any applicable laws and regulations of Hong Kong or other relevant jurisdiction (including but not limited to the Listing Rules) (the "**Applicable Laws**"), the Board may, on a case-by-case basis and at its absolute discretion when offering the grant of an option, impose any conditions, restrictions or limitations in relation thereto in addition to those expressly set forth in the Share Option Scheme as it may think fit (which shall be stated in the offer letter) including (without prejudice to the generality of the foregoing):

(i) the continuing eligibility of the Eligible Participant who accepts an offer under the Share Option Scheme (the "**Grantee**"), and in particular, where the Board determines that the Grantee has failed or otherwise is or has been unable to meet such continuing eligibility criteria, the option (to the extent not already exercised) shall lapse, subject to the requirement under the Share Option Scheme;

(ii) the continuing compliance of such terms and conditions that may be attached to the grant of the option, failing which the option (to the extent not already exercised) shall lapse unless otherwise determined to the contrary by the Board, subject to the requirements under the Share Option Scheme;

(iii) the vesting period of an option shall be determined by the Board and in any case, shall not be less than 12 months, save and except that options to be granted to a Category A Participant may be subject to a vesting period of less than 12 months (or no vesting period) in the following circumstances:

(1) grants of "make-whole" options to new joiners to replace the share awards they forfeited when leaving the previous employers;

(2) grants of options to a Category A Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;

(3) grants of options that are made in batches during a year for administrative and compliance reasons;

(4) grants of options with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period 12 months; and

(5) grants of Options with a total vesting and holding period of more than 12 months;

(iv) conditions, restrictions or limitations relating to the achievement of operating or financial targets (the "**Performance Conditions**"). For the avoidance of doubt, there is no performance target stipulated under the terms of the Share Option Scheme which a Grantee is required to achieve before any option granted under the Share Option Scheme can be exercised. The terms of the Share Option Scheme, however, do provide that the Board has the discretion to require at the time of grant of an option any particular Grantee to achieve such performance targets as the Board may then specify in the grant before any option granted under the Share Option Scheme to such Grantee can be exercised;

(v) if applicable, the satisfactory performance of certain obligations by the Grantee;

(vi) a clawback mechanism under which upon the occurrence of any of the following in relation to the Grantee, the Board may propose that no further options shall be granted to such Grantee and such options shall lapse automatically:

(1) the Grantee has failed to perform duties effectively or is involved in serious misconduct or malfeasance;

(2) the Grantee has contravened the relevant laws and regulations of the applicable jurisdiction and/or the provision of the Memorandum of Association and Articles of Association;

(3) the Grantee has, during his/her tenure of office, being involved in acceptance of solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of our Company; or

(4) the Grantee has failed to discharge, or failed to discharge properly, his/her duties and thereby resulting loss in asset to our Company and other serious and adverse consequences.

(f) Exercise price of the Shares

The Exercise price in respect of any particular option shall be such price as our Board may in its absolute discretion determine at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the Exercise price shall not be less than whichever is the highest of:

(i) the nominal value of a Share;

(ii) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a Business Day; and

(iii) average of the closing prices of Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the offer date (where the Company has been listed for less than five Business Days, the new issue price shall be used as the closing price for any Business Day falling within the period before the Listing Date).

(g) Subject to the terms of the Share Option Scheme and the Listing Rules, no option shall be transferred or assigned and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party, provided that the Board may at its absolute discretion allow a Grantee to transfer or assign an option to a vehicle (such as a trust or a private company) for the benefit of the Grantee and/or any of the family members of such Grantee for estate planning or tax planning purposes ("**Permitted Transferee**") if:

(i) the Grantee provides all such information in relation to the proposed transferee or assignee as the Board may request for the purpose of establishing to the Board's satisfaction that the proposed transferee or assignee is a Permitted Transferee;

(ii) each of the Grantee and the proposed transferee or assignee undertakes and warrants that the proposed transferee or assignee (i) will not in any way sell, transfer, assign, charge, mortgage, encumber or create any interest over or in relation to any Option so transferred or assigned to it in favour of any third party (unless such third party is also a Permitted Transferee and all the conditions in this paragraph which shall apply mutatis mutandis to such further transfer or assignment are satisfied); and (ii) will at all times be a Permitted Transferee; and

(iii) a waiver is granted by the Stock Exchange to permit such a transfer or assignment.

(i) Exercise of options

Subject to the applicable laws and as provided herein, , an option may be exercised at any time during the Option Period, provided that:

(i) if the Grantee (being an individual) dies before exercising an option (or exercising it in full), his legal representative(s)) may exercise the option up to the Grantee's entitlement (to the extent not already exercised) either in full or in part within a period of 12 months following his death or such longer period as our Board may determine;

(ii) in the event of the Grantee being a Category A Participant and/or a Category B Participant at the time of the grant of the relevant option ceasing to be a Category A Participant or a Category B Participant by reason of disability (i.e. situation in which a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than 90 consecutive days, and a Grantee will not be considered to have incurred a disability unless he or she furnishes proof of such impairment sufficient to satisfy our Board in its discretion), the Grantee may exercise the Option (to the extent exercisable and not already exercised as at the date of such cessation) either in full or in part within 6 months following such cessation or such longer period as the Board may determine;

(iii) subject to paragraphs (iv) and (v) below, in the event of the Grantee at the time of the grant of the relevant option ceasing to be an Eligible Participant for any reason other than his or her death or disability, bankruptcy or culpable termination (applicable to Category A Participant or Category B Participant), the Grantee may exercise the option (to the extent exercisable and not already exercised as at the date of such cessation) either in full or in part within 30 days following such cessation or such longer period as the Board may determine;

(iv) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert (as defined under the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of the Shareholders (in the case of a scheme of arrangement), the Grantee shall be entitled to exercise the option (to the extent exercisable and not already exercised as at the date on which the offer becomes or is declared unconditional) (in the case of a takeover offer) or is approved by requisite majorities at the relevant meetings of the Shareholders (in the case of a scheme of arrangement) either in full or in part at any time up to the close of such offer (or any revised offer) unless our Board determine to the contrary (in the case of a takeover offer) or within such period as shall be notified by our Company to the Grantees (in the case of a scheme of arrangement);

(v) in the event of a notice being given by our Company Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to all Grantees, and thereupon the Grantees may exercise the options (to the extent exercisable and not already exercised as at the date of the notice to the Grantee) either in full or in part not later than three business days (excluding any period(s) of closure of our Company's share register) immediately preceding the date of the proposed Shareholders' meeting, and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's share register) immediately preceding the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Grantees which falls to be issued upon such exercise; and

(vi) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company (other than any scheme of arrangement referred to in (iv) above or any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), our Company shall give notice thereof to the Grantees who have unexercised options at the same time as it despatches notices to all members or creditors of our Company to consider such a scheme, and thereupon each Grantee may exercise in whole or in part his option. (to the extent exercisable and not already exercised as at the date of the notice to the Grantee) not later than three business days (excluding any period(s) of closure of the Company's share register) immediately preceding the date of the proposed meeting, and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of the Company's share register) immediately preceding the date of the proposed meeting, allot and issue such number of Shares to the Grantees which falls to be issued on such exercise;

(vii) the Shares to be allotted upon exercise of an option shall be subject to all the provisions of the Memorandum of Association and Articles of Association and the laws of Cayman Islands in force from time to time and shall rank *pari passu* in all respects with the then existing fully-paid Shares in issue on the allotment date, and shall entitle the holders to the same rights of the holders of the existing full paid shares in issue on the allotment date, including voting, dividend, transfer and any other rights, including those arising on a liquidation of the Company. In particular, the Shares to be allotted and issued upon the exercise of an option shall entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the allotment date. Nevertheless, a Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof;

(viii) our Company is entitled to refuse any exercise of an option if such exercise is not in accordance with the terms and conditions of the Share Option Scheme or the procedures for exercise of options established from time to time or if such exercise may cause to contravene or breach the Listing Rules, any applicable law, enactment or regulation for the time being in force in Hong Kong, the Cayman Islands or any other jurisdiction, or any other rule or regulation governing the listing of the Shares on a stock exchange; and

(ix) without prejudice to the generality of the foregoing, the Grantee may only exercise an option subject to any restrictions as may be reasonably imposed by our Board from time to time with a view to ensure or facilitate compliance with any relevant laws, mandatory rules and/or regulations binding on our Company, particularly those relating to insider dealing and other prohibitions under the Listing Rules.

(j) Lapse of options

An option (to the extent not already exercised) shall lapse automatically and not be exercisable not already on the earliest of the occurrence of any of the following events unless otherwise relaxed or waived (conditionally or unconditionally) by our Board:

(i) the expiry of the exercise period ;

(ii) the expiry of any of the periods referred to in sub-paragraphs (i)(i) to (vi) above;

(iii) subject to sub-paragraph (i)(v) above, the date of the commencement of the winding-up of our Company;

(iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in sub-paragraph (i)(vi) above;

(v) in the case of the Grantee being a Category A Participant or a Category B Participant, the date on which he or she ceases to be a Category A Participant or a Category B Participant by reason of culpable termination;

(vi) the occurrence of bankruptcy of the Grantee;

(vii) in the case of the Grantee being a Category C Participant, the date on which the Board shall on their absolute discretion determine that: (1) the Grantee or his associate has committed any breach of contract entered into between the Grantee or his associates on the one hand and any member of the Group on the other hand; or (2) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of cessation of its relations with the Group or by any other reason whatsoever;

(viii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of breach of sub-paragraph (g) above by the Grantee;

(ix) the date on which the Grantee commits a breach of any terms or conditions attached to the grant of the option; and

(x) the date on which our Board resolves that the Grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed under the Share Option Scheme.

No compensation shall be payable upon the lapse of any option, provided that our Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

(k) Maximum number of Shares available for subscription

Subject to the terms and conditions in the Share Option Scheme:

(i) the total number of shares which may be allotted and issued in respect of all options to be granted under the Share Option Scheme and any other share option scheme(s) or share award scheme(s) of our Group shall not in aggregate exceed 10.0% of the Shares in issue immediately after completion of the Global Offering and as at the Listing Date being 50,000,000 Shares ("**Scheme Mandate Limit**"); and

(ii) the total number of Shares which may be allotted and issued in respect of all options to be granted under the Share Option Scheme and any other share option scheme(s) and share award scheme(s) of our Company to Category C Participants shall not in aggregate exceed 1.0 % of Shares in issue immediately after completion of the Global Offering and as at the Listing Date and 10.0% of the Scheme Mandate Limited, being 5,000,000 Shares ("**Category C Participant Limit**"),

provided that if our Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Category C Participant Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards to be granted under the Share Option Scheme and other schemes under the Scheme Mandate Limit or the Category C Participant Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share. Options and awards lapsed in accordance with the terms of the Share Option Scheme and other schemes will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit or the Category C Participant Limit.

Subject to the terms and condition under the Share Option Scheme, our Company may seek approval by its shareholders in general meeting for renewing the Scheme Mandate Limit and/or the Category C Participant Limit (the "**Renewal Mandate**") separately from time to time, provided that:

(i) if the Renewal Mandate is sought within three years from the adoption date of the Share Option Scheme or the date on which the last Renewal Mandate was granted (as the case may be), any Controlling Shareholders and their associates (or Directors (excluding independent non-executive Directors) and the chief executive of our Company and their respective associates) shall abstain from voting in favour of the relevant resolution at the general meeting; and our Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules, unless the Renewal Mandate is sought immediately after an issue of securities by our Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit and/or the Category C Participant Limit (as a percentage of the relevant class of shares in issue) upon renewal is the same as the unused part of the Scheme Mandate Limit and/or the Category C Participant Limit immediately before the issue of securities, rounded to the nearest whole Share;

(ii) the total number of Shares which may be issued in respect of all options and awards to be granted under the Share Option Scheme and other schemes after renewal of the Scheme Mandate Limit and/or the Category C Participant Limit shall not exceed 10.0% and/or 1.0%, respectively, of the Shares in issue as at the date on which the Renewal Mandate is obtained;

(iii) if our Company conducts a share consolidation or subdivision after the Renewal Mandate is obtained, the maximum number of Shares that may be issued in respect of all options and awards to be granted under the Share Option Scheme and other schemes under the renewed Scheme Mandate Limit or the Category C Participant Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share; and

(iv) our Company shall send a circular to its shareholders containing the number of Options that were already granted under the then existing Scheme Mandate Limit and the then existing Category C Participant Limit and the reason for the renewal.

Our Company may seek separate approval by Shareholders in general meeting for granting options beyond the Scheme Mandate Limit or the renewed Scheme Mandate Limit provided that:

(i) the options in excess of the Scheme Mandate Limit or the renewed Scheme Mandate Limit shall be granted only to the Eligible Participants specifically identified by our Company before such Shareholders' approval is sought;

(ii) our Company shall issue a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such options, the number and terms of the options to be granted to each such specified Eligible Participant, and the purpose of granting options to each such specified Eligible Participants with an explanation as to how the terms of the options serve such purpose;

(iii) the number and terms of options to be granted to each such specified Eligible Participant shall be fixed before such Shareholders' approval; and

(iv) for the purpose of calculating the minimum exercise price in respect of any options to be so granted to each such specified Eligible Participant, the date of the Board meeting for proposing such grant shall be taken as the date of the Offer of such Options.

(l) Maximum entitlement for each Eligible Participant

The maximum number of Shares issued and to be issued upon exercise of the options granted to any one Eligible Person (including exercised, cancelled and outstanding options but excluding any options lapsed in accordance with the terms of the Share Option Scheme) in any 12-month period shall not exceed 1.0% of the Shares in issue from time to time. Where any further grant of options to such an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and which may be granted to such Eligible Participant (including exercised, cancelled and outstanding options but excluding any options lapsed in accordance with the terms of the Share Option Scheme) in the 12-month period up to and including the date of such further grant representing in aggregate over 1.0% of the Shares in issue as at the date of such grant, such grant shall be:

(i) approval of the Shareholders in general meeting with such Eligible Participant and his or her close associates (or associates of such Eligible Participant is connected person of our Company) abstaining from voting;

(ii) our Company shall send a circular to the Shareholders disclosing the identity of such Eligible Participant, the number and terms of the further options to be granted (and those previously granted to such Eligible Participant in the 12-month period), the purpose of granting further options to such Eligible Participant and an explanation as to how the terms of the further options serve such purpose;

(iii) the number and terms of the further options to be granted to such Eligible Participant shall be fixed before the Shareholders' approval mentioned in (i) above; and

(iv) for the purpose of calculating the minimum exercise price in respect of the further options to be so granted to such Eligible Participant, the date of the Board meeting for proposing such grant of further options shall be taken as the date of the Offer of such Option.

(m) Grant of options to core connected persons

Without prejudice to the terms and conditions stipulated in paragraph (e) above:

(i) any grant of options to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates shall be approved by the independent non-executive Directors of our Company (excluding an independent non-executive Director who is the proposed Grantee) of such options; and

(ii) where a grant of options to a Substantial Shareholder or an independent non-executive Director of our Company or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and other schemes (including options exercised, cancelled and outstanding but excluding any options lapsed in accordance with the terms of the such schemes) to such person in the 12-month period up to and including the date of grant that, representing in aggregate over 0.1 per cent of the Shares in issue, such further grant of options shall be approved by Shareholders in general meeting in the manner set out below.

In the circumstances described above, our Company shall send a circular to its shareholders under the applicable laws. The relevant Grantee, his/her associates and all core connected persons of our Company shall abstain from voting at such general meeting. Our Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time.

(n) Cancellation of options

Our Board shall be entitled to cancel any option in whole or in part by giving notice in writing to the Grantee stating that such option is thereby cancelled with effect from the date specified in such notice ("**Cancellation Date**"):

(i) if agreed between our Company and the relevant Grantee; or

(ii) if our Board offers to grant to the Grantee replacement options of equivalent value of the options being cancelled; or

(iii) if our Company pays or procures to be paid to the Grantee an amount equal to the cash value of the options being cancelled as at the date of cancellation as determined by the Board by reference to the difference between the closing price of a Shares as stated in the Stock Exchange's daily quotations sheet on the date of the cancellation and the exercise price.

Where our Company cancels an option granted to a Grantee and makes a new grants to the same Grantee, the such new grant may only be made under the Share Option Scheme with available Scheme Mandate Limit and, if applicable, the Category C Participant Limit set out in paragraph (k) above. The options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Category C Participant Limit.

(o) Reorganisation of capital structure

In the event of any change in the capital structure of our Company while any option may become or remains exercisable, whether by way of a capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of our Company, our Board may, if it considers the same to be appropriate, direct that adjustments be made to:

(i) the number of Shares subject to outstanding options; and/or

(ii) the exercise price of each outstanding option.

Where our Board determines that adjustments are appropriate (other than an adjustment arising from a Capitalisation Issue), the auditors or the independent financial advisers (as our Board may select) shall certify in writing to our Board that any such adjustments to be in their opinion fair and reasonable, provided that:

(i) the aggregate percentage of the issued share capital of our Company available for the grant of options shall remain as nearly as possible the same as it was before such change but shall not be greater than the maximum number prescribed by the Listing Rules from time to time;

(ii) any such adjustments shall be made on the basis that the aggregate exercise price payable by a Grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event;

(iii) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(iv) the adjustments made be in made in accordance with the Listing Rules, the Supplemental Guidance on the Main Board Listing Rule 17.03(13) and the Note Immediately after the Rule attached to the Frequently Asked Question No. 072-2020 issued by the Stock Exchange on 6 November 2020 as updated in January 2023 ("**Supplementary Guidance**") as amended from time to time and any further requirements, guidance or interpretation issued by the Stock Exchange from time to time, if applicable; and

(v) any such adjustments shall, as nearly as practicable, be made on the basis that the proportion of the issued share capital of our Company for which any Grantee is entitled to subscribe pursuant to the options held by him shall remain the same as (but shall not be greater than) that to which he was previously entitled (as interpreted in accordance with the Listing Rules and the Supplemental Guidance as amended from time to time, and any further requirements, guidance or interpretation issued by the Stock Exchange from time to time), rounded to the nearest whole share.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring an adjustment.

The capacity of the auditors or the independent financial advisers (as the case may be) in this paragraph (o) is that of experts and not of arbitrators and their certification or confirmation shall, in the absence of manifest error, be final, conclusive and binding on our Company and the Grantees. The costs of the auditors or the independent financial advisers (as the case may be) shall be borne by our Company.

(p) Alteration of the Share Option Scheme

Any change to the terms of the options granted to a Grantee (except where the changes take effect automatically under the terms of the Share Option Scheme) shall be approved by our Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of options was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be).

Any change in the terms of the options granted to a Grantee who is the Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the Shareholders in the manner as required under the Listing Rules if the initial grant of the options requires such approval (except where the changes take effect automatically under the existing terms of the Share Option Scheme). However, this clause does not apply to the Grantee who is only a proposed Director or chief executive of the Company.

The Share Option Scheme may be altered in any respect by a resolution of our Board, except that the following shall not be carried out except with the prior approval of the Shareholders by an ordinary resolution in a general meeting:

(i) any material alteration of the terms and conditions of the Share Option Scheme;

(ii) any alteration of the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees;

(iii) any change to the authority of our Directors to alter the terms of the Share Option Scheme;

provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of the Listing Rules and other applicable laws, and that no such alteration shall operate to affect adversely the terms of issue of any options granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantee as would be required of the Shareholders under the Articles of Association for a variation of rights attached to the Shares.

(q) Termination

Our Company may by a resolution of the Shareholders in general meeting at any time terminate the operation of the Share Option Scheme. Upon termination of the Share Option Scheme, no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted but not yet exercised prior to the termination or otherwise as may be required in accordance with the Share Option Scheme.

An application has been made to the Listing Committee to the Stock Exchange for the listing of, and permission to deal in, the new Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme.

As at the Latest Practicable Date, no option had been granted or agreed to be granted by our Company pursuant to the Share Option Scheme.

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

Our Company will disclose in the annual and interim reports details of the Share Option Scheme including the number of options granted and to be granted/exercised/cancelled/lapsed, date of grant, vesting period, exercise period and exercise price during the relevant financial year/period in accordance with the Listing Rules in force from time to time. We will also disclose in the remuneration report or corporate governance report a summary of material matters relating to the Share Option Scheme that were reviewed and approved by the remuneration committee during the financial year.

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any member of our Group.

2. Litigation

As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

3. Tax and other indemnities

Our Controlling Shareholders have entered into a Deed of Indemnity in favour of our Company (for themselves and as trustee for each of its present subsidiaries) (being a contract referred to in "— B. Further Information About Our Business — 1. Summary of Material Contracts") to provide indemnities on a joint and several basis in respect of, among other things, taxation resulting from profits or gains earned, accrued or received on or before the date on which the Global Offering become unconditional.

4. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the listing of, and the permission to deal in, the Shares in issue and to be issued or sold as mentioned in this prospectus (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option). The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The fee payable by us to the Sole Sponsor in respect of its services as sponsors for the Listing is HK$6.8 million.

5. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2022 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

6. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (WUMP) Ordinance) who gave opinions or advice which are contained in this prospectus:

Name	Qualifications
Quam Capital Limited	A licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Zhong Lun Law Firm	Legal advisers of our Company as to the laws of the PRC
KPMG	Certified Public Accountants; Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Harney Westwood & Riegels	Legal advisers of our Company as to the laws of the Cayman Islands
Frost & Sullivan Limited	Industry consultant

7. Consent of Experts

Each of the experts as referred to in "— 6. Qualification of Experts" has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

None of experts named above has any shareholders' interests in our Company or any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for interests in our Company or any member of our Group.

8. Promoters

Our Company has no promoter for the purpose of the Listing Rules.

9. Preliminary Expenses

The preliminary expenses incurred by our Company amounted to HK$0.1 million and were paid by our Company.

10. Exemption from requirement to set out property valuation report

This prospectus is exempt from compliance with the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance in reliance on the exemption under section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). Please see "Business — Properties" for further details.

11. Binding Effect

This prospectus shall have effect, if an application is made pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

(a) Within the two years immediately preceding the date of this prospectus:

(i) No share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid up either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group; and

(iii) no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries.

(b) No share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) No founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued.

(d) Our Company has no outstanding convertible debt securities or debentures.

(e) There is no arrangement under which future dividends are waived or agreed to be waived.

(f) There has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the **GREEN** Application Form;

(b) a copy of each of the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in "Statutory and General Information — E. Other Information — 7. Consents of Experts" in Appendix IV to this prospectus.

2. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.maiyuesoft.com**, during a period of 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the Accountants' Report and the report on the unaudited pro forma financial information prepared by KPMG, the texts of which are set out in Appendix I and Appendix II to this prospectus, respectively;

(c) the audited report on the consolidated financial statements of our Group for each of the financial years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023;

(d) the letter of advice prepared by Harney Westwood & Riegels, our legal adviser as to the laws of the Cayman Islands, summarising certain aspects of the Cayman Companies Act referred to in Appendix III to this prospectus;

(e) the PRC legal opinions issued by Zhong Lun Law Firm, our PRC Legal Advisers, in respect of certain aspects of our Group;

(f) the industry report prepared by Frost & Sullivan;

(g) the rules of the Share Option Scheme;

(h) the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(i) the written consents referred to in "Statutory and General Information — E. Other Information — 7. Consents of Experts" in Appendix IV to this prospectus;

(j) the service contracts and appointment letters referred to in "Statutory and General Information — C. Further Information about Directors and Substantial Shareholders — 2. Directors' Service Contracts and letter of appointment" in Appendix IV to this prospectus; and

(k) the Cayman Companies Act.

迈越科技
MAIYUE TECH

MAIYUE TECHNOLOGY LIMITED
邁越科技股份有限公司